

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1971

SEPTEMBER 8, 1971.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. PERKINS, from the Committee on Education and Labor,
submitted the following

REPORT

[To accompany H.R. 10351]

The Committee on Education and Labor, to whom was referred the bill (H.R. 10351) to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes all after the enacting clause and inserts in lieu thereof a new text which appears in the reported bill in italic type.

The full committee ordered H.R. 10351 reported on August 4, 1971, by a record vote of 32 to 3.

A SHORT SUMMARY OF THE MAJOR PROVISIONS OF THE BILL

The chief purpose of the bill is to extend for two years the Economic Opportunity Act of 1964, as amended, as requested by the Director of the Office of Economic Opportunity, in consultation with the President. The bill would authorize \$2,194,066,000 to be appropriated for the fiscal year ending June 30, 1972; and \$2,750,000,000 for the fiscal year ending June 30, 1973. A reservation of \$350,000,000 is made for each year for funding of local initiative programs authorized under section 221.

In addition, the bill does the following:

Raises the general eligibility requirement for participation in Head Start to an annual family income of \$4,500 for a family of four.

Permits the Director of OEO to require payment for medical services provided the near- or non-poor under the Comprehensive Health Services program.

Directs that priority be given to veterans and employers of veterans under the Drug Rehabilitation program while promoting employment opportunities for rehabilitated addicts.

Creates a new Environmental Action program to provide payment for low-income persons working on projects combating pollution and improving the environment.

Creates a new Rural Housing Development and Rehabilitation program to assist in the alleviation of housing problems of low-income families in rural areas.

Raises from 2 to 4 percent the reservation of monies for Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific.

Forbids the Director of OEO to require non-Federal contributions of more than 20 percent of the cost of the programs assisted.

Encourages more vigorous policing of adherence by State Economic Opportunity offices to the requirements of the Economic Opportunity Act and the regulations, rules and guidelines promulgated under it.

Requires equitable distribution within a community of Federal assistance provided under the Act.

Imposes a 10 percent limitation on the authority of the Director to transfer funds earmarked for any program or activity.

Requires filing of the five-year national poverty action plan by December 31 of each year.

Requires submission of all rules, regulations, guidelines, instructions and forms to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor at least 30 days prior to their effective date.

In a new Title IX, underscores Congressional interest in stepped-up evaluation of OEO programs.

Provides for the transfer of the legal services program, which has been operated by OEO, to an independently directed non-profit corporation.

Corrects an oversight with respect to local share requirements of the Foster Grandparents program legislatively transferred from OEO in 1969.

PROGRAMS AUTHORIZED BY THE ECONOMIC OPPORTUNITY ACT

JOB CORPS

Among the work and training programs authorized by Title I of the Economic Opportunity Act is the Job Corps, a national voluntary residential program serving poor youths aged 14 to 21 from deprived backgrounds providing them, in residential and nonresidential centers with education, vocational and work training, and other rehabilitative services needed to prepare them for effective participation in the world of work. Job Corps is administered by the Labor Department under delegation from the Director of OEO.

WORK AND TRAINING PROGRAMS FOR YOUTHS AND ADULTS

Most of the work and training programs of the nation are currently authorized and being funded under the authority of the Manpower Development and Training Act, Title I of the Economic Opportunity Act. Very shortly the Emergency Employment Act of 1971 will be providing jobs of a public service nature. To some extent the authority of Title I of the Economic Opportunity Act and MDTA duplicate and overlap each other and the Committee on Education and Labor has been considering for some time the need for comprehensive manpower legislation to eliminate the duplication and rationalize the nation's manpower programs. Pending the development of such legislation the Committee recommends extension of existing authorities under the Economic Opportunity Act. Among the programs currently being conducted under the authority of the Economic Opportunity Act are the Concentrated Employment Program, the Neighborhood Youth Corps, Public Service Careers and Operation Mainstream. The JOBS program—Job Opportunities in the Business Sector—is authorized under both MDTA and the Economic Opportunity Act, but is currently being funded completely under MDTA authority. All of the Title I programs are conducted by the Labor Department under delegation agreements with OEO.

Concentrated Employment

The Concentrated Employment program—CEP—is designed to cope with the problems of impacted unemployment and underemployment in slum areas of selected large cities and blighted rural areas. A full range of manpower and supportive services is provided to a designated target area through contracts between the Department of Labor and individual prime sponsors.

Neighborhood Youth Corps

Neighborhood Youth Corps involves Out-of-School, In-School and Summer programs in which remedial education and skill training are coupled wherever possible with work to provide disadvantaged youths who have dropped out of school, or who might otherwise drop out, with employment and work experience.

Public Service Careers

Public Service Careers provides job opportunities in public employment under the "hire first, train later" concept involving both entry-level and upgrading operations designed to insure permanent employment for trainees. Public Service Employment operates in Federal, State, county and local governments and in a variety of agencies that receive Federal grants-in-aid. The program involves a substantial effort to update recruiting and selection methods and to encourage elimination of unreasonable barriers to employment and advancement in public service careers.

Operation Mainstream

Operation Mainstream creates jobs and provides work for poor, chronically unemployed adults and disadvantaged senior citizens in rural areas with limited prospects for unsubsidized full-time employment. It is operated through public and private nonprofit organizations.

The Green Thumb projects are perhaps the best known.

SPECIAL IMPACT

The Special Impact program provides support for economic and community development in urban and rural areas with high concentrations of poor people. The program is designed to have a limited number of significant and highly visible projects promoting opportunities for community self-development, individual entrepreneurship, and good jobs.

COMMUNITY ACTION

The Community Action program authorized by Title II provides assistance, both financial and technical, to communities conducting campaigns to reduce poverty. As originally conceived, Community Action was a recognition of the fact that while poverty is a national concern its various causes and symptoms are best understood and best dealt with at the local level. Communities are encouraged and helped to develop programs aimed at the special needs of their own poor families, to develop their own ideas, commit their own resources, assume responsibility for initiating and carrying out programs suited to their own needs. Under the Community Action program financial and other assistance is provided to the communities for a variety of purposes and through a variety of mechanisms and a number of categorical approaches.

Local Initiative

Local Initiative funds provide the vehicle for the total Community Action process which includes analysis of community problems, the development of a strategy for dealing with those problems, the assignment of priorities, the development of programs to accomplish specific objectives, mobilization of resources to support needed program efforts, the conduct of programs and self-evaluation of these efforts. In addition, to the extent permitted, Local Initiative funds sustain a wide range of specific programs dealing with health, manpower, day care, youth development and other programs in addition to those of a "special emphasis" category which tend to be better known.

SPECIAL EMPHASIS PROGRAMS

Among the Special Emphasis programs legislatively recognized and provided for are Head Start, Follow Through, Legal Services, Comprehensive Health, Family Planning, Senior Opportunities and Services, Alcoholic Counseling and Drug Rehabilitation.

Head Start

Head Start is a comprehensive preschool program for poor children providing medical, dental, nutritional, education and social services so as to meet many of the intellectual, social and health needs and enhance the quality of life of the deprived school child while he is in the program. There is heavy emphasis on parental involvement. Head Start serves children through three basic programs—full-year, part-day; full-year, full-day; and short summer programs. Head Start is conducted by the Office of Child Development in the Department of Health, Education and Welfare under a delegation agreement entered into with the Office of Economic Opportunity effective in 1969.

Follow Through

Follow Through is an experimental program designed to study means of building upon the gains enjoyed by children in Head Start and, as in Head Start, a range of early childhood needs—educational, physical, psychological, as well as social needs—are recognized through programs conducted in the early grade school years.

Legal Services

The Legal Services program was developed in recognition of the inability of the poor to secure adequate legal representation and the failure of our legal and judicial system to provide adequate remedies to meet the special needs of the poor. The program provides legal advice and representation, legal counseling and education of the poor as to their legal rights and responsibilities and to the remedies available to them. Indirect improvement of the legal system is also a purpose of the program—to make it more responsive to the needs of the poor. The Legal Services program is largely non-criminal, being limited, except in extraordinary circumstances, to civil representation.

Comprehensive Health Services

The Comprehensive Health Services program assists in the establishment of neighborhood health centers and helps community and professional groups to develop more effective and responsive ways to meet the health needs of the poor. A wide range of services is provided with strong emphasis on preventive care and early treatment. The delivery of health care is accomplished through a wide range of innovative means and mechanisms. The program goal is to develop and test a significant number of models for delivering health services to a number of low-income areas and to encourage all providers of health services to improve the mechanisms for the delivery of health services.

Emergency Food and Medical

The Emergency Food and Medical program was originally established to provide food and assistance in areas with serious hunger problems. Federal feeding programs were severely limited and ineffectively implemented. The program has been of tremendous importance in assisting in the development of both the Commodities and the Food Stamp programs at the local level. Its chief purposes have been to provide mechanisms and facilities, such as outreach, transportation, certification assistance and liaison, and to identify and overcome obstacles to the full use of food programs, rather than direct feeding. It has aided the implementation of the Commodities and the Food Stamp programs, and has been important in the reform of many local practices. In a limited way the program has provided food on a temporary basis in critical situations.

Family Planning

Family Planning is aimed at the improvement of the health and economic well being of the poor by the provision of voluntary services to those interested in limiting the number of their children and spacing them according to their individual wishes. A wide range of services are provided including education, counseling, medical examinations, laboratory studies, and the provision of means of family limitation suited to the individual's needs and desires.

Senior Opportunities and Services

The Senior Opportunities and Services program is designed to meet the special needs of elderly citizens which are not met by the more generalized programs designed for younger persons. Health, employment, housing, consumer, welfare and other needs of the elderly are recognized and provided for.

Alcoholic Counseling and Recovery

The Alcoholic Counseling and Recovery program makes substantial use of community facilities and emphasizes use of self-help groups and volunteers already operating in the community. Its purpose is to augment and supplement their services and to make them more available to poor families suffering from the problems related to alcoholism as well as to identify, motivate and help the alcoholic.

Drug Rehabilitation

The Drug Rehabilitation program was designed to meet the large and growing problem of drug use among the poor. Its basic model is the community-based drug rehabilitation program. Variations in delivery of services and approaches to the problem have been, and are being, developed, providing a mix of needed services including methadone maintenance, abstinence, outpatient services, day care and residential treatment.

TRAINING AND TECHNICAL ASSISTANCE

Through training and technical assistance OEO assists Community Action programs to meet their own needs and national goals. Training is provided to Community Action and other project employees. Technical assistance is provided in fields such as housing, manpower, medical, health and other areas. Some training and technical assistance is provided through headquarters and regional staff. Most is provided through contracts with various professional and volunteer organizations which have special competence in the areas involved.

STATE ECONOMIC OPPORTUNITY OFFICES

State Economic Opportunity offices are generally an adjunct to the Office of the Governor within the individual State. Their purpose is to mobilize antipoverty resources within the State, serve as an advocate for the poor, provide technical assistance to grantees, consult with OEO and Community Action agency personnel on funding requests, to give advice, training and technical assistance, and to assist OEO in monitoring and evaluation of program activities.

RESEARCH, DEVELOPMENT, DEMONSTRATION AND EVALUATION

Research activities are designed to expand information on the causes of poverty, its incidence and on the means and mechanisms necessary to alleviate it. OEO experiments in a great many areas and attempts to prove or disprove approaches to the effective solution of problems. It seeks to develop workable models that can be used by OEO or other Federal, State or local agencies to meet the needs of the poor. OEO uses demonstration projects to disseminate information about program concepts and to encourage others to use new techniques. Evaluation activities involve attempts objectively to assess the effects of a given program and the relative effects of different programs and techniques, as well as other variables such as different managerial and operational techniques.

THE RURAL ECONOMIC OPPORTUNITIES LOAN PROGRAM

The Rural Economic Opportunities Loan Program provides loans to low-income rural families to assist them in maintaining and raising their income. Loans are made to both individuals and cooperative associations. The program is conducted under delegation from the Director of OEO to the Farmers Home Administration.

SPECIAL PROGRAMS FOR MIGRANTS AND SEASONAL FARMWORKERS

Title III (B) provides special programs for over 4 million Americans who depend for bare subsistence on earnings sporadically available from farm employment. The program serves both those classified as seasonal-hire farm labor and those who migrate during peak harvest seasons. The early programs were largely directed at ameliorative services needed especially by migrant families in transit including rest stops, temporary housing, day care and remedial education. These services have largely been taken over by other public and private agencies. And OEO has tended to place greater importance on full-time, job oriented education, training and nonfarm placement, self-help worker owned housing construction and enterprise development.

VOLUNTEERS IN SERVICE TO AMERICA

The VISTA program provides volunteers to public and private nonprofit organizations to assist their efforts on behalf of the poor. The typical VISTA volunteer spends one year living among and at the economic level of the people he is serving, remaining available for service without regard to regular working hours. The operation of the program was transferred out of OEO to the new ACTION agency by Reorganization Plan No. 1 earlier this year. Authority for the operation of the program must, however, be provided.

THE COMMITTEE BILL

Legislation to extend the Economic Opportunity Act was introduced late in January. The full committee began hearings in March and concluded in June—a total of 29 days of hearings. Two Special Hearing Subcommittees conducted field hearings and site visits in various regions of the country. The printed record of the hearings contains over 3,000 pages—the statements and exhibits of over 200 witnesses. During the course of the hearings virtually every aspect of the program operated under the authority of the Economic Opportunity Act was discussed. With the exception of minor local problems and some administrative ones, the testimony reveals a generally well functioning system.

Frank Carlucci, until September 1st Director of the Office of Economic Opportunity, gave eloquent testimony on the nature and impact of OEO programs:

Altogether, the agency's range of programs reach some 11 million of the 24 million Americans whose incomes place them below the poverty line.

They are reflected in the thousands of migrant workers and their families, the Americans most deeply entrenched in poverty, who have left the migrant stream after getting high

school equivalency training, adult education, and vocational training from OEO programs.

Other migrants now live in decent homes, receive dependable medical care and are assured of adequate diets because of OEO programs. Altogether, OEO programs serve some 400,000 migrants each year.

The OEO effort also is reflected in the thousands of American Indians, far too long neglected, who now have new hope for a better future because of the activities of OEO's 67 Indian community action agencies.

These agencies have helped to give the Indians the skills, resources, and self-confidence that will enable them to move toward self-determination.

* * * * *

Additional thousands of poor Americans benefit from OEO community health centers, which have demonstrated new ways for delivering topflight care to the poor.

And that agency has continued pioneering new methods for getting family planning assistance to those women who wish such information.

The OEO effort further is reflected in new emphasis on combating the growing drug addiction problem, including pilot projects aimed at combining rehabilitation with manpower training and job placement—a vital need if the ex-addict is ever to escape the environment that helped produce his problem.

And the OEO effort embraces thousands of the aged poor, proportionately the fastest growing segment of our poverty population.

More than 200 senior opportunities and services programs, operated through OEO community action agencies, offer services to the aged ranging from meals-on-wheels to job placement, from transportation to the opportunity to socialize with friends and contemporaries.

OEO research and development projects that range from income maintenance experiments to testing the feasibility of performance contracting in education carry with them the hope of finding new answers to ages-old questions.

Under President Nixon's proposals, OEO's capability to perform research in the social area, with emphasis on the poor, would be upgraded.

The President has said OEO is to be 'the cutting edge by means of which Government moves into unexplored area.'

The special problems of the American poor with Spanish surnames, which often involve overcoming language as well as cultural barriers, are being addressed with specially designed OEO educational and retraining programs.

* * * * *

OEO's legal services program has been expanded and strengthened. This year, some 1,200,000 poor Americans will be represented by legal service lawyers—double the caseload of just 2 years ago.

Mr. Carlucci was just as eloquent in his statement on the need to extend the Economic Opportunity Act:

... extension of the Economic Opportunity Act is needed to assure that the OEO, and other departments that operate programs authorized under this legislation, may continue to bring needed services and support to the poor.

Extension of the legislation, also will assure that during the next 2 years, there will remain within the Federal Government an agency serving as an active advocate of the poor, so that the thrust of the effort to eradicate poverty maintains its momentum.

Failure to extend the legislation would, I am very much afraid, undo much of the progress made to date.

It also would imply to the Nation, the nonpoor as well as the poor, that the Federal Government was turning its back on the people who most need its assistance.

Extension of the Economic Opportunity Act was endorsed and supported by a wide range of persons from almost every profession and walk of life. Mayors, county supervisors, county, State and Federal legislators, educators, businessmen, lawyers and doctors have all urged a continuation of the nation's war on poverty. An impressive coalition of some 90 organizations signed the following statement on the future of OEO:

The Office of Economic Opportunity is the only federal agency whose primary mission is "to strengthen, supplement and coordinate efforts in the furtherance" of a policy to "eliminate the paradox of poverty in the midst of plenty." Its continued, strengthened existence is crucial to anti-poverty efforts, both as a symbol of the federal government's lasting commitment to the war on poverty and as a federal rallying point around which poor and disadvantaged people can command attention and assistance.

At the local level, through community action and other related programs, OEO has helped poor people to share in the planning and decision-making processes of their communities. They, as well as others, serve on the boards of neighborhood councils, community action agencies and delegate social agencies, thereby constituting one of the largest voluntary action efforts in the country. Their participation has helped make social services and agencies, both public and private, more relevant to the needs of poor people, and therefore more efficient and economical. In helping to determine the use and allocation of significant sums of money, they and their community action agencies have exercised an impressive degree of sound judgment and responsibility. This unique and successful effort in citizen participation is the heart of the OEO anti-poverty program.

Through its research and demonstration activities, OEO has initiated and supported innovative projects that are gradually becoming an accepted part of public and private social and economic policy. Through VISTA it has afforded young Americans the opportunity to help bring about necessary changes within the system. It has performed and still

performs functions as an advocate of the poor and institutional gadfly that other agencies, public or private, cannot implement or duplicate. No other organization has done more to champion the importance of the non-professional in our society. It has generated leadership opportunities for minority representatives and poor people unmatched by any other agency or institution.

We believe that the Office of Economic Opportunity must be permitted to build on this impressive record. It must continue to focus national attention on the needs of the poor. The lessons of the past should be used to give OEO a new vitality.

The Committee shares the view of those who consider extension of the Economic Opportunity Act of vital importance. It is important to insure the continued operation of programs authorized by the Act; to insure continuation of much needed services and support for the poor. It is important to assure the continuation within the Federal Government of an agency which serves as an active advocate for the poor. It is important to insure the continued existence of an agency which serves as the President has said "at the cutting edge", exploring new means and developing new methods to eradicate poverty.

Extension of the Act will be an important reaffirmation of the policy enunciated for this Nation in August of 1964 when the Economic Opportunity Act became law: "It is * * * the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education, training, the opportunity to work and the opportunity to live in decency and dignity." Extension of the Economic Opportunity Act is an important reaffirmation of the purpose stated in that original Act "to strengthen, supplement, and coordinate the Act in furtherance of that policy."

Accordingly, section 3 of H.R. 10351 provides for an extension of two years for each of the programs authorized by the Economic Opportunity Act.

THE AUTHORIZATION OF APPROPRIATIONS

As the accompanying chart indicates, the Committee is recommending in section 2 of the bill an authorization of \$2,194,066,000 for Fiscal 1972 and an authorization of \$2,750,000,000 is recommended for Fiscal 1972 for the purpose of carrying out the Economic Opportunity Act. This represents an increase of 6.7 percent over what the Administration recommended in its budget (\$2,056,000,000). The amount which the Committee recommends for 1972 is an increase of 5.3 percent over the amount of money apportioned from the appropriations provided by the Congress in Fiscal Year 1971.

Discounted as it must be by the erosion in the value of the dollar which has already occurred it can readily be seen that a 5-percent increase will, in the overall, scarcely maintain program levels as high as they were last year.

It would be intolerable to countenance any reduction in actual program levels, however, or to suggest a reduction in program at a time when the numbers of poor persons are on the increase. That was the startling information gained from a report of the Bureau of the Census dated May 7, 1971.

OEO FUNDING

[In thousands of dollars]

Title and program	Final apportionment fiscal year 1971	Administration budget request fiscal year 1972	Recommended program levels fiscal year 1972	Increase over budget request
Title I:				
Job Corps.....	\$170,200	\$210,287	\$210,287	-----
Concentrated Employment.....	116,400	120,800	120,800	-----
Neighborhood Youth Corps.....	324,800	362,500	375,000	+\$12,500
Public Service Careers.....	91,400	90,400	90,400	-----
Operation Mainstream.....	38,800	38,800	50,000	+11,200
Program Support.....	18,500	18,779	18,779	-----
Transfer to Department of Labor.....	(760,100)	(841,566)	(865,266)	-----
Special Impact.....	37,055	25,800	25,800	-----
Total title I.....	797,155	867,366	891,066	+23,700
Title II:				
Local Initiative.....	357,119	¹ 314,900	350,000	+35,100
Head Start.....	360,000	376,500	390,000	+13,500
Follow Through.....	69,000	60,000	60,000	-----
Legal Services.....	61,200	61,000	61,200	+200
Comprehensive Health Services.....	99,000	114,000	114,000	-----
Emergency Food and Medical Services.....	48,700	² 3,500	20,000	+16,500
Family Services.....	18,600	25,000	25,000	-----
Senior Opportunities and Services.....	8,000	8,000	12,000	+4,000
Alcoholic Counsel and Recovery.....	12,800	³ 2,000	2,000	-----
Drug Rehabilitation.....	12,800	18,000	18,000	-----
Environmental Action.....	0	0	10,000	+10,000
Rural Housing Development and Rehabilitation.....	0	0	10,000	+10,000
Training and Technical Assistance.....	16,566	13,500	13,500	-----
State Economic Opportunity Offices.....	12,500	13,000	13,000	-----
Research, Development, Demonstration and Evaluation.....	85,953	72,600	72,600	-----
Miscellaneous Programs.....	⁴ 4,125	0	0	-----
Special Title II Direction and Administration.....	⁵ 20,832	19,700	19,700	-----
Total title II.....	1,187,195	1,101,700	1,191,000	+89,300
Title III:				
Rural Loans.....	9,400	0	0	-----
Migrant Programs.....	35,000	36,000	36,000	-----
Total title III.....	44,400	36,000	36,000	-----
Title VB: Day Care.....	0	0	25,000	+25,000
Title VI: General Direction and Administration.....	18,350	18,000	18,000	-----
Title VIII: VISTA.....	36,400	33,000	33,000	-----
Grand total.....	2,083,500	2,056,066	2,194,066	+138,000

¹ Includes \$18,500,000 in administration budget for Indians.² Includes \$1,500,000 in administration budget for Indians and \$2,000,000 in budget for migrants.³ Includes \$2,000,000 in budget for Indians.⁴ Grants separately itemized in budget presentation (NCAA \$3,000,000; Community Relations Service \$625,000; National Credit Union Association \$500,000).⁵ Administrative costs attributable to title II for budget purposes.

In part because of the poverty program, in part because of other efforts, and more particularly because of the high levels of employment and the economic expansion enjoyed by this Nation in the 1960's, poverty was substantially diminished in the 10-year period from 1959 to 1969. The number of poor persons was continually reduced both in absolute and in percentage terms. The reduction in the number of poor people came to be an expected phenomenon in a United States enjoying unprecedented levels of uninterrupted prosperity.

According to the Census Bureau, there has been an average annual decline of 4.9 percent in the number of persons living in poverty in the decade following 1959. An abrupt change occurred, however, between 1969 and 1970. The number of poor persons increased by about 1.2

million, or 5.1 percent. The Census Bureau in its report fixed the poor population in 1970 at 25.5 million. Later OEO estimates raised the figure to 25.7 million.

The sudden increase in the poverty population is attributable in major part, of course, to the economic decline which began in 1969 and to the massive increase in unemployment which accompanied it. The continuing high levels of unemployment almost certainly have resulted in a further increase in the number of poor people. It is in this context that the modest increase in the authorization level suggested by the Committee on Education and Labor should be considered.

There is not a single program authorized or being carried out under the Economic Opportunity Act that is meeting the needs of more than a fraction of the eligible poor people. The hearing record is replete with sound recommendations for a substantial expansion of each and every poverty program based upon actual program needs. The Committee does not, however, at this time, recommend massive increases of the size that would meet the actual need. The Committee, for instance, has not recommended an increase in expenditure for Family Planning, but a recent OEO study indicated that only 1.1 million low-income persons are currently receiving services as compared with the approximately 3.9 million eligible women who are also in need of the services. The Committee has, however, made some increases in the budget recommendations with respect to individual program levels as well as to the total authorization. These increases will be noted later in this report.

Mr. Carlucci, Director of the Office of Economic Opportunity, in his testimony before the Committee, like all of his predecessors, has requested flexibility with respect to money and opposed the earmarking of dollars to individual programs. This Committee, with the exception of the reservation of \$350,000,000 for Local Initiative, proposes to provide OEO with the flexibility it asks for.

The recommendations for the apportionment of funds authorized contained in the chart represent the Committee's best judgment as to how Economic Opportunity Act resources should be allotted. They are not statutory earmarks, but an indication of Congressional intent—a moral earmarking, so to speak—deviations from which can be countenanced if dictated by sound judgment and good program management.

ESTIMATE OF COSTS

In fulfillment of the requirements of Clause 7 of Rule XIII, assuming that the full amounts authorized are appropriated, the projected costs of the program for its authorized duration is \$2,194,066,000 for fiscal 1972; and \$2,750,000,000 for fiscal 1973.

AUTHORIZATIONS FOR TITLE I—WORK AND TRAINING PROGRAMS

The Committee has taken some exceptions to the program levels recommended by the Administration in its budget. The increases provided for the Neighborhood Youth Corps and Operation Mainstream together would total \$23,700,000. As indicated earlier, testimony before the Committee would, at this time of high unemployment particularly, support a substantial expansion not only of the Neighborhood Youth Corps and Mainstream, but also in the Concentrated Employment Program and in the Public Service Careers Program. The Committee has recommended, however, an amount in excess of that suggested by the Administration only in the two programs serving those currently most seriously affected by unemployment—the young who are disadvantaged both by their youth and by their inexperience and the old who, in our system, are disadvantaged by their advanced years. The current economic situation is most seriously affecting the young. While unemployment has hovered near 6 percent generally and the most recent reports indicate a level of 4.3 percent for adult men, the jobless rate for teenagers has held relatively stable at 16.2 percent, a tragically high level which must be recognized and dealt with.

In connection with the work and training programs authorized by Title I of the Economic Opportunity Act, it is appropriate to note that the Administration proposes to use none of the funds authorized by the EOA for the JOBS program, a decision in which the Committee concurs. In recent years, a great deal of money has been allotted to the JOBS program and obligated to contractors for the JOBS program. It is the belief of the Committee that these obligations have been substantially in excess of any reasonable estimate as to what actually can usefully be spent and that eventually very substantial amounts of money will be de-obligated and returned to the Federal Treasury. Many thousands of the unemployed will in the meantime have gone without the training, work experience, and employment which might have been provided by these unused dollars. The Committee serves notice that it intends to scrutinize very carefully the use to which manpower funds have been put and will hold accountable those managers who have so used appropriated monies that they have not gone to the purposes for which Congress authorized and appropriated them.

The Special Work and Career Development programs which were appended to Title I of the Economic Opportunity Act in 1969 were intended to be an expansion or "add ons" to the original Mainstream and New Careers programs. It was not the Committee's intention to create separate new categories governed by substantially different guidelines than the related Title I (B) programs. The Administration has strongly proposed comprehensive manpower legislation and has indicated its resistance to a multiplication of manpower programs,

yet in the case of Title I (E), it chose to develop separate guidelines and directions rather than direct a greater portion of manpower resources to single purpose programs of this kind which was the legislative intention. It is particularly distressing that none of the Title I (E) funds have been used for disadvantaged older workers. The Committee would hope that the Labor Department would direct more money to Title I (E) and fewer guidelines.

AUTHORIZATIONS FOR TITLE II—COMMUNITY ACTION

The Committee has recommended \$89,300,000 more than the Administration budgeted for Community Action. The recommended amount, however, *is less* than the amount obligated in Fiscal Year 1971. The Administration estimates that there are 25,700,000 persons living in poverty in both urban and rural areas. Approximately 90 percent are in concentrated areas of poverty served by Community Action programs. In addition, since neighborhood centers are open to all residents of the central area served, these centers are available to meet the needs of an estimated 8,000,000 people whose income is marginally above the poverty line. Thus, the total universe of need served by Community Action generally is about 33,000,000 persons. At the present time less than one-third of these are being reached or affected in any way by a Community Action program.

The National consensus as evidenced by the expressions to the Committee supports Mr. Carlucci in his statement:

... never before have the community action agencies as a whole been in a better position to fulfill their mission, both in terms of operating programs efficiently and successfully, and in widening the base of community support.

In the last 2 years, this agency's leadership has repeatedly stressed the need for CAA's to serve not simply as a conduit for Federal funds, but in the far larger role of a catalyst for stimulating the broader community to actions aimed at eliminating poverty.

OEO's insistence that the CAA's concentrate on mobilizing all available resources to aid the poor reflects a hard-won understanding of a basic reality; and that is that all Americans must be enlisted in the struggle against the poverty that afflicts only some Americans.

The Committee is convinced that the community action concept has matured and met the test of practice and time. We are in essential agreement with Mr. Carlucci in his statement before the Committee:

A sound community action agency not only fulfills the vital role of mobilizing a communitywide effort against the ills of poverty, but also functions as a low-overhead manager for other Federal, State, and local program dollars.

For instance, in fiscal year 1969, the network of CAA's, at a total overhead cost of \$60 million to \$70 million, dispensed some \$1.375 billion worth of such programs, only \$620 million of which—or 47 percent—went for OEO or Economic Opportunity Act programs.

Through some 2,700 neighborhood service centers and other CAA subagencies, community action agencies fund or operate manpower, Headstart, education, health, and even disaster relief programs, utilizing dollars from such Departments as Health, Education, and Welfare, Labor, Agriculture, Justice, and the Office of Emergency Preparedness.

But just as OEO's expenditures represent but a small fraction of the total Federal outlay of aid to the poor the community action agencies are just part of OEO's overall activities.

The Committee has therefore recommended \$35,100,000 more for local initiative programs than the Administration proposes although less than was obligated in Fiscal Year 1971. This amount will permit OEO to maintain local initiative programs at the same level nationally as they are currently being conducted. The Committee does not intend that individual Community Action agencies or individual programs must be continued or necessarily continued at the same level. It does intend that, in the overall, there be no diminution in program levels for local initiative.

Late year forward funding of some \$25 million will permit the Director to meet the statutory requirement of the reservation with new obligations of no more than \$325 million. To do so in the face of the erosion in the value of the dollar, would result in a reduced program level and would not be in keeping with the spirit of the reservation. It is to be hoped that such a course will not be followed, but rather that for the first year in several, local initiative will be expanded and thus be given some literal meaning.

Head Start

As was said by Edward Zigler, Director of the Office of Child Development currently administering the Head Start program:

The Head Start program represents one of the best expressions of our nation's concern for its children.

Under current eligibility standards there are an estimated 1.6 million children in need of Head Start services. About 20% of the eligible children are currently being served. The 4.5% increase proposed by the Administration budget over the amount obligated in fiscal year 1971 will scarcely keep Head Start at last year's level of operation. Some modest increase seems to be demanded. In addition, in section 4 of the Committee bill, an amendment is made to the Economic Opportunity Act which would raise the level of annual family income to be permitted for participation in Head Start. Under this new standard only about 17% of the eligible children would be served at current levels of funding. The Committee has therefore proposed a slight increase of \$13.5 million over that recommended by the Administration budget. In this connection it is appropriate to comment on the operation of the program by the Office of Child Development over the past two years. The Office has been insisting on a conversion from summer programs to full-year programs which are no doubt preferable. In many areas, however, facilities are unavailable. The absence of good roads, personnel and other reasons preclude or make extremely diffi-

cult the provision of Head Start benefits, particularly in rural areas, on other than a summer program basis. The Committee expects that more consideration of those difficulties will be given in the future.

Emergency Food and Medical Services

The Administration is asking for only \$3,500,000 in new money for the Emergency Food and Medical Program—all to be used for Indians and migrants. The lack of need for additional funding is based on two premises—one, that a major decrease will occur in the nature and number of the poor population through the Family Assistance Plan; and, two, that the administrative and legislative changes in the Food Stamp program will satisfy the need for food assistance. It now appears that the Family Assistance Plan is not going to be passed in sufficient time to provide any resources in the way of food assistance, and it becomes increasingly clear that neither the Food Stamp program nor the Commodities program is going to be adequate to satisfy the needs in the next fiscal year. Realistically speaking, the services which Emergency Food and Medical provides will continue to be needed. The recertification of applicants required under the new regulations will call for substantial amounts for assistance to the poor in the recertification process if they are to qualify for Food Stamps. In addition, the Committee would hope to see a substantial increase in programs designed to provide food on a temporary basis in critical situations and to supply emergency needs. Imaginative use could be made also of money to supply food to children not currently being provided nutrition through School Lunch or preschool programs.

The following telegram is typical of the expression of need for adequate funding of this vital program:

COLUMBIA, S.C.

HON. CARL PERKINS,
Chairman, House Education and Labor Committee,
Washington, D.C.

Strongly urge you to use all possible influence in reinserting the emergency food and medical program funds in the bill extending the Office of Economic Opportunity Act. This program is a vital one in South Carolina, and is essential to the States efforts to eliminate hunger. The changes in eligibility for food stamps do not eliminate the need for emergency food and medical programs as now funded by OEO. We must retain the source of funds if we are to fulfill our commitment to the poor in South Carolina.

JOHN C. WEST,
Governor of South Carolina.

The Committee therefore sees a need for at least \$20,000,000 for the Emergency Food and Medical program—\$16.5 million more than the Administration recommends.

Senior Opportunities and Services

There are more than 5.5 million Americans over 65 living in poverty. An additional two million are between the ages of 55 and 64. They represent 28 percent of the total poverty population and are the fastest growing segment of it. Presently the Senior Opportunities and Services program serves about 13 percent of these. The \$4,000,000 increase in the Senior Opportunities and Services program raises the total monies available to a mere \$12,000,000, which, under the circumstances, hardly seems excessive.

Rural Housing and Development and Environment Action

The Rural Housing Development and Environmental Action programs are new and a modest amount, \$10,000,000, is provided for each. They will be further discussed later in this report.

Day Care

The Day Care program, authorized in part B of Title V, has never been operative. Monies have been authorized but never budgeted, or made available. Everyone concedes the need for substantial increases in day care and child development programs generally. The President provided in his Family Assistance Plan a proposal for a day care component at approximately \$400 million. It is the feeling of the Committee that Day Care operations should be increased immediately and supported by \$25 million under the Economic Opportunity Act.

HEAD START ELIGIBILITY REQUIREMENTS

In 1969 the Committee adopted an amendment to the Head Start authority which permitted children from families above the poverty line to participate in the Head Start program. The amendment required, however, that payment be made in whole or in part for the services where the family's income was in excess of the eligibility standard. The amendment contemplated the promulgation by the Director of OEO of a fee schedule for reimbursement in such cases. OEO is in the process, somewhat belatedly, of developing a fee policy which establishes a sliding payment scale for nonpoor families with children participating in the Head Start program. The amendment in section 4 of the bill establishes a level of average annual family income below which the Director may not go in requiring reimbursement under his fee schedule. The Director retains his authority, which he is currently exercising, to vary the eligibility requirements to reflect family size or other particular family situations and such things as the geographic differences in the cost of living as well as other special program needs. It is not the Committee's intention to suggest that the Director may not adopt a higher income eligibility standard in some situations or that he would violate the intention of the law should he decide to do so. In the administration of the program, however, the Director is urged to continue to give preference to the most needy child. Flexibility accorded him by this amendment is intended to permit participation by the so-called "near poor" in the program and to encourage the development of more flexible standards for dealing with families who, in a relatively short period of time, may move into and out of poverty a number of times.

PAYMENT FOR COMPREHENSIVE HEALTH SERVICES

In section 5, the Committee adopted an amendment to the Comprehensive Health Services program similar to the amendment of Headstart eligibility adopted in 1969. Heretofore, OEO sponsored health programs have been permitted to provide assistance to non-poor families only on an emergency basis or pending a determination of eligibility. In recognition of the fact that there are many "near-poor" families residing in areas where comprehensive health programs are located who do not meet the poverty criteria, the Committee amendment

authorizes the provision of health services to all residents of such areas with the stipulation that persons who are not members of low-income families may be required to pay for these services. Emergency assistance may, of course, continue to be provided.

ALCOHOLIC COUNSELING AND RECOVERY AND DRUG REHABILITATION PROGRAM AMENDMENTS

In section 6(a) and (b) the elimination of the last sentence of section 221(a)(8) and (9) respectively, are technical amendments removing earmarks imposing mandatory funding levels for the Alcoholic Counseling and Recovery and Drug Rehabilitation programs respectively. These levels applied to fiscal years 1970 and 1971 and are, by their terms, no longer operative. In addition, in section 6(b) the Committee made amendments to section 221(a)(9), the Drug Rehabilitation program.

The Committee expanded OEO's basic authorization for dealing with the problems of drug dependence and abuse by directing OEO to undertake special programs aimed at promoting employment opportunities for rehabilitated addicts, with special priority given to addicted veterans.

Stable, meaningful employment plays a key role in the rehabilitation of narcotics addicts and drug abusers. If meaningful employment is to become a reality for thousands of addicts currently in rehabilitation programs, and for the thousands to be treated in new programs now being initiated, immediate action must be taken to open up employment opportunities for rehabilitated addicts. This will require the active participation of private industry in developing programs and policies effectively to integrate and to utilize both drug rehabilitation resources and manpower training and employment resources at Federal and local levels, and to determine the specific support services needed by both ex-addict employees and their employers to assure successful employment.

We must also enable employers to find new ways to assist employees who are abusing drugs as a significant preventive effort. The Office of Economic Opportunity is to be given the specific authority and responsibility to pursue these special employment programs for the following reasons:

1. Through the planning and anticipated operation of two combined Addict Rehabilitation-Manpower Training Programs, OEO has demonstrated an awareness of the issues involved and is in a good position to expand these efforts.

2. Initiation of this new thrust is consistent with the Research and Demonstration role of OEO.

3. Employment for clients is of special concern for OEO in view of its low-income target population.

4. The combined problems of unemployment and drug addiction are two of the largest barriers to the reintegration of the veteran with civilian society and deserve special, imaginative treatment by OEO.

The Director will fully coordinate these new programs with the activities of other Federal agencies. It is also expected that the re-

sources of the relevant Department of Labor programs will be fully utilized to supplement and expand the program efforts initiated by OEO.

The Committee is also concerned that the income-eligibility requirements for OEO programs not adversely affect the rehabilitation process for low-income addicts and drug abusers. While the total rehabilitation process may realistically require two to three years of out-patient counselling and follow-up support to prevent recidivism (or to intervene very early if the client begins to return to drug use), a successful program is in fact designed to enable the client to be gainfully employed before the end of the first year, thus rendering him ineligible by virtue of income to continue to receive services that are necessary to his long-term success. Further, even if other programs are available in the local community, the weight of expert opinion suggests that it is best for a client to remain with one program from the beginning of his rehabilitation to its completion. While the Committee feels strongly that OEO-funded programs should continue to admit only clients who are eligible by income criteria, the Director should develop criteria for encouraging the completion of a full course of rehabilitation for an individual client, with the authority to develop policies and procedures which will allow a client to complete his rehabilitation.

Finally, the Committee would stress the need for commitment of adequate staff and supportive administrative personnel to carry out this authorization. Since 1967, OEO has made a significant contribution to the total national effort to treat and rehabilitate narcotic addicts. OEO must continue to play a vital role, especially in the exploration of new approaches to the problems of rehabilitation. Only a very limited number of staff have been available to develop and maintain the programs funded by OEO under Section 222(a) (9). In view of the critical importance of these new program efforts, the Director is encouraged to reassess current allocations of staff positions within OEO with a view toward significantly increasing the total staff capability available to insure the effective implementation of the programs authorized under Section 222(a) (9).

ENVIRONMENTAL ACTION PROGRAM

In section 6(c) there is added to the list of special emphasis programs, such as Head Start and Legal Services, two new special emphasis programs. One is a new Environmental Action program through which low-income people will be paid for working on projects designed to combat pollution and improve the environment. This new program combines the elements of a work program with a recognition of the need to improve the environment, particularly the environment in which the poor find themselves. Projects may include a variety of kinds of activities, clean-up and sanitation activities, solid waste removal, the clearing of streams, removal of trash and automobile carcasses from creekbeds and roadways, work necessary to improve sewage collection and disposal, and projects to improve water supplies. Work on the reclamation of eroded or ecologically damaged areas, such as those affected by strip mining, will be encouraged, as well as the rehabilitation of areas damaged by other

forms of natural and man-made destruction. The planting of trees and flowers, the establishment and construction of recreation areas and parks, the seeding and sodding of barren areas are contemplated. The effort is to be directed at the restoration and improvement of the environment as it affects the quality of life in urban and rural areas, particularly in those areas where there are high concentrations of poor people. The Committee expects that this program will be conducted by local and community governmental units and private non-profit agencies such as Community Action agencies.

Much of the work, of course, is expected to be done in public areas that will have a substantial impact in the total community. Work, however, on the improvement of private property, particularly the property or homesteads of poor people, many of whom particularly in rural areas lack a source of potable water and adequate sanitary facilities, may be undertaken. Special attention will have to be paid in such cases, however, to avoid the unreasonable enhancement of property value of persons other than the most needy poor.

Under this and the Rural Housing program it is to be hoped that substantial headway can be made through imaginative, exploratory efforts to assist communities to develop projects directed at the improvement of the health and home environment of poor people. Some of the experience gained in the self-help projects, such as have improved life on Indian reservations and in migrant camps, may well be useful in the development of programs of this kind.

RURAL HOUSING

In addition to the Environmental Action program, the Committee also adopted in section 6(c) a new special emphasis program in the area of rural housing. The purpose of this amendment is to give added emphasis to OEO programming in rural areas, and in particular to an acute rural problem—inadequate housing. Unlike the urban areas, there is a great deal of owner-occupied housing among the rural poor. And so the potential for sound rehabilitation and repair programs is great. Unlike the urban areas, public housing is a rare find in rural America. And so there is a real need for new housing and for the improvement of existing housing as well. This new program will attempt to provide both.

It should be quickly said that it is not the Committee's intention here to launch a major new housing program; that is for other committees to propose. It is our purpose, however, to encourage some modest experimentation in rural areas with the hope that these experiments will both complement and enhance existing Federal housing programs and perhaps provide evidence for new housing thrusts in the future. With this in mind, the Committee has authorized \$10 million for Fiscal Year 1972 and \$15 million for Fiscal Year 1973.

It should also be pointed out that this program complements the existing housing activities conducted by the Office of Economic Opportunity. At the present time, OEO funds approximately 45 housing development corporations throughout the country. The agency is also involved in breaking new ground in housing for Indians and migrants, and in various other service and technical assistance programs. So this will by no means be the first nor sole activity of the agency in the housing field. But because this program is confined to rural areas,

limited to housing development corporations in those areas, limited in the amount of the authorization and intended for a limited number of sponsors so that each will be backed with sufficient resources to enable them fully to explore the program's potential, it was felt that it needed a separate identity and authorization.

The Committee is particularly interested to see if the authority in the new rural housing program can be used to supplement existing housing programs in such a way that they will be more accessible to low-income persons in rural areas.

The Committee heard testimony from witnesses with broad experience with the problems of providing decent, livable housing in rural areas. The new program proposed by the Committee is the direct result of that testimony and embodies both the suggestions put forward by the witnesses appearing before the Committee and those made in subsequent discussions of this problem.

The Committee feels strongly that it must direct more attention to the solution of rural problems, for unsolved rural problems add immeasurably to the already intolerable problems faced by our cities. There can be no serious argument that a disproportionate amount of agency resources has been applied toward urban problem-solving. This has been true since the agency's inception in 1964 despite repeated pleas from the Congress. It is hoped that this amendment, adopted unanimously by the Committee, will start now to correct that imbalance.

INCREASE IN ALLOTMENT FOR PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, AND THE TRUST TERRITORY OF THE PACIFIC

Section 7(a) of the bill provides a minimum allotment of four percent of the funds available for local initiative programs and special emphasis programs under Title II for Puerto Rico, the Trust Territories of the Pacific, Guam, American Samoa and the Virgin Islands.

Under the present law the Director is required to set aside a maximum of two percent of the Title II funds for these areas. The effect of the amendment would be to increase the allotment for those areas and to decrease by an equal amount the total available for State allotments—an estimated \$16 million. This amendment to the Act is in recognition of the extremely low standard of living in these areas which is generally substantially lower than anywhere in the United States and in recognition of the responsibility which this nation has for the residents of these areas. Puerto Rico, for instance, whose residents are citizens of the United States has been a possession of this nation since 1898, some seventy-three years. The citizens on that Caribbean Island have not, however, enjoyed the increase in affluence and economic well-being that the rest of the nation has, and the small increase in the allotment for the off-shore areas is a small token in recognition of their far greater need.

LIMITATIONS ON NON-FEDERAL CONTRIBUTIONS

Under the existing provisions of Section 225(c) of the EOA financial assistance to a community action agency or other agency carrying out a local initiative or special emphasis program is limited in the normal case to 80 percent of the approved program cost. The present

law, however, permits the Director to require a larger non-Federal contribution if he so determines. The present section also permits Federal assistance in excess of 80 percent of the program cost if the Director determines in accordance with regulations establishing objective criteria that such action is in furtherance of the purposes of community action. Non-Federal contributions may be in cash or in kind at the option of the grantee. The Administration at one point publicly discussed the intention of increasing the non-Federal contribution to programs as a way, it was said, of using available funds to maximum effectiveness. The Director in testimony before the Committee indicated some doubt at one point as to whether or not there was to be an additional modification of the rule with respect to "in-kind" as against cash contributions. There was substantial concern among public officials and community action personnel that the non-Federal share would have to be provided in cash rather than through in-kind contributions.

The Committee has heard a considerable number of witnesses who warned against any increase in the size of the non-Federal share, witnesses responding to the agency proposal for such an increase. The Committee has determined that any such move on the part of the OEO could have most harmful consequences for community action imposing, as it would, an even greater burden on the capacity of local communities to meet the needs of the poverty population. The Committee again reminds those advocates of increased local contributions that matching requirements of any level fall most heavily on those areas with the highest percentages of poor people. The agency has indicated that it would withdraw the proposals to require more local funds. Nevertheless the Committee felt it would be prudent to incorporate a provision (section 7(b)) in the law which would limit the agency's authority to require more than the 20 percent currently provided for the non-Federal share. This Committee amendment, of course, is not to be construed so as to prohibit an applicant who chooses to do so from providing a non-Federal contribution in excess of 20 percent. If, however, a community does not so choose it may not be forced to contribute more than the 20 percent non-Federal share in cash or in kind toward the cost of a community action program. Whether the non-Federal contribution is to be in cash or in kind is to remain a matter for local determination by the grantee.

STATE ECONOMIC OPPORTUNITY OFFICE ADHERENCE TO RULES AND REGULATIONS

Section 8 of the bill amends Section 223 of the Economic Opportunity Act authorizing assistance to State Economic Opportunity Offices. The amendment provides that if a member of a community action agency board files an allegation with the Director of OEO that a State agency is in violation of the Economic Opportunity Act or of any rule, regulation or guideline promulgated by the Director under the Act, the Director is required immediately to investigate the allegation. If the Director finds reasonable cause to believe that the allegation is true, he must hold a hearing at the conclusion of which he is required to notify all interested persons of his findings. If the hearing results in a finding that the allegations are true and that after being afforded a reasonable opportunity to do so the agency has failed

to make appropriate correction, the Director is required, forthwith, to terminate any further assistance to the SEOO with Title II funds. And no further assistance may be provided that agency until he has received assurances satisfactory to him that further violations will not occur.

This amendment arose out of activities of the State Economic Opportunity Office in the State of California which were the subject of Committee hearings in that State. It was discovered that OEO auditors and evaluation teams had found abuses by the State Economic Opportunity Office and misuse of funds provided them under the Act. In addition, the General Accounting Office in its review of the State agency operations had found similar violations. This amendment was adopted by the Committee in order to encourage local community action agencies who have a direct and vital interest in the operations of SEOO to call attention to any misuse of money or authority by the State agencies.

The State Economic Opportunity Offices have a vital role to play in the poverty program. The vast majority of them have done an excellent job in providing technical assistance, training, and counsel and advice both to local agencies and the Office of Economic Opportunity. In recent years they have been given a larger role in the evaluation of community action programs jointly with the Federal agency. The value of the SEOO is obviously diminished, however, when there is abuse of discretion, ignoring of Federal law and regulation, ignoring of the purposes of the Economic Opportunity Act and, as was charged in the California case, continuing harassment of local efforts on all fronts. The Committee expects OEO to act expeditiously in such matters and to act forcefully and effectively to bring violations to a speedy end.

EQUITABLE DISTRIBUTION OF FINANCIAL ASSISTANCE

Section 9 of the bill amends Section 244 of the Economic Opportunity Act, a section which provides a number of "special limitations" on the operation of community action programs under Title II. The amendment provides that consistent with the provisions of the Act, the Director shall assure that financial assistance is distributed on an equitable basis in any community in order that all significant segments of the low-income population will be served.

The Committee was made aware of a situation in the city of New York in which because of alleged dominance of certain segments of the poverty population other segments of the population were not receiving benefits or were not receiving a fair share of those benefits.

It is the purpose of this amendment to insure that all segments of the poor population in a given community share equitably in the services provided by the local program regardless of the makeup of the local community and of the board or organization which is administering the funds.

ASSISTANCE FOR MIGRANTS AND SEASONAL FARMWORKERS

Title III of the Economic Opportunity Act provides programs to assist migrant and seasonal farm workers. These programs include, among other things, projects and activities to help such people to improve their well being and self-sufficiency by "participating in available Government training programs." Section 10 of the bill broadens the authority to provide for assisting the migrant and seasonal farm workers in the attainment of self-sufficiency and well being by "participating in available Government *employment or* training programs." Insertion of the words "employment or" by the Committee amendment is a recognition of the "work" programs of the kind supported by the Emergency Employment Act of 1969, Operation Mainstream and other programs of an essentially "work" nature as distinguished from those of a "training" nature.

TRANSFER OF FUNDS

Before the adoption of the 1969 amendments to the Economic Opportunity Act, section 616 of the Act authorized the transfer of up to 10 percent of the amount appropriated or allotted from any appropriations for the carrying out of one program or activity under the Act for use in the carrying out and support of other programs and activities under the Act. There was a proviso that no such transfer was to result in increasing the amount otherwise available for any program by more than 10 percent. In 1969 this section was revised to authorize the transfer of up to 10 percent of the amount appropriated or allocated to an individual program during 1970 and not more than 15 percent thereafter. The 1969 amendments also provided maximum amounts which could be added to the programs. Programs or activities for which \$10,000,000 or less was available could be increased no more than 100 percent. Programs for which more than \$10,000,000 was available could be increased by no more than 35 percent. Section 11 of this bill amends section 616 of the Economic Opportunity Act restoring the more restrictive language contained in the Act prior to the 1969 amendments.

5-YEAR ANTI-POVERTY PLAN

Section 632(3) of the EOA requires the preparation and presentation to the Congress of a 5-year anti-poverty action plan showing estimates of Federal and other governmental expenditures and, where possible, the contributions of the private sector which would be needed to eliminate poverty in this country within alternative periods of time. The Act requires that the plan include estimates of the funds necessary to finance all related programs authorized by this and other acts and any new programs which might be necessary to eliminate poverty in this country. It is further provided that recommendations for such new programs are to be included. The law requires the plan to be updated on an annual basis. No 5-year poverty action plan has to this time been provided the Congress as required by law. The new amendment underscores the requirement for the plan and requires that the plan be presented to the Congress no later than December 31, 1971. It further provides that documents updating the plan be presented to the Congress no later than December 31 in each succeeding calendar year.

ADVANCE SUBMISSION OF GUIDELINES TO CONGRESSIONAL COMMITTEES

Section 13 of the bill amends the Economic Opportunity Act to require that copies of "all rules, regulations, guidelines, instructions, and application forms" published or promulgated under the Act are to be provided to the Senate Committee on Labor and Public Welfare and the House Education and Labor Committee at least 30 days prior to their effective date. In some respects the new requirement is similar to that imposed by section 505 of the Higher Education Act Amendments of 1968 which provides that no standard rule, regulation, or requirement of "general applicability" under certain statutes shall take effect until 30 days after publication in the Federal Register. The Committee amendment does not, by its terms, render ineffective rules, regulations, guidelines, and instructions that are not furnished to the Committee. It simply requires that they be furnished to the appropriate Committees. The amendment is not intended to apply to rulings of limited applicability or directives issued in emergency situations. It is the intention that the provision apply to matters and items that are of "general applicability." The Committee does not intend to use this as a "veto" process. Rather it seeks systematically to keep abreast of the EOA programs and to keep informed on the kinds of "red tape" the communities are being subjected to.

EVALUATION

Section 14 of the bill consolidates all of the provisions presently in the Economic Opportunity Act relating to the evaluation of programs into a new title IX. The new title provides specific statutory authority for the director to make evaluations of programs administered by other agencies of the Federal Government which by their nature are related to the purposes of the Economic Opportunity Act. The heads of other agencies administering such programs are required to cooperate with the director in the discharge of his responsibility to plan and conduct evaluations of poverty related activities. They are further required to provide the director with statistical data, program reports, and other materials of the kind that they presently collect and compile on their program operations, beneficiaries and the effectiveness of their program. The director, in carrying out the evaluations under this title, is required wherever possible to consult the program beneficiaries as to the values and weaknesses of the individual programs and to consult state agencies as well.

The Committee is concerned that after 5 years of experience with the Economic Opportunity Act there is so little basis for evaluating the actual impact of the program, its effectiveness, or the relative effectiveness of the various programs developed and the mechanisms devised for the delivery of services. The Committee would like to have more adequate evaluative data in order to find out which programs are working well and which are not. There are many excellent programs that have been developed under the EOA and there have been some failures. It has not always been clear which are which.

By adding new title IX it is the Committee's intention to strengthen the evaluative process. It is intended that the director will promulgate the evaluation standards and reporting deadlines on on-going programs.

The director, of course, is to consider the extent to which such standards are being met in deciding whether to renew or supplement individual programs or projects. Clearly, the most effective programs and projects should be given preference and the least effective improved or eliminated.

The Committee understands that evaluation of programs is not a simple and straightforward process. Statistical and evaluative techniques need to be improved. The cost of adequate sampling for statistical studies is always a problem. These limitations, however, do not justify the lack of evaluation that has sometimes characterized operations under the Economic Opportunity Act.

The Committee is aware that evaluations of an individual program, limited in scope and aspect, may provide inadequate or erroneous impressions to the public or to the uninformed. And similarly, the Committee is aware that statistical methods and other evaluative techniques are sometimes subject to question, and result in apparent conclusions the validity of which are subject to serious question. The director of OEO is urged in publishing or reporting results of the evaluative studies to give appropriate weight and emphasis to the limitations of the particular study as an evaluative effort.

NATIONAL LEGAL SERVICES CORPORATION

The Legal Services program is based on the concept of equal justice under law. That concept, so basic to our American way of life, requires that low-income persons must have the same access to justice, enjoy the same rights and privileges, and bear the same responsibilities, as do more affluent Americans.

In our adversary system of law and justice, persons must have access to courts and to the help of lawyers if they are to obtain a meaningful resolution of their grievances and protection of their rights. Yet many Americans are unable to afford private legal counsel and are denied access to both. The Committee strongly believes that it is in the public interest to encourage and promote the use of institutions (such as the courts, legislatures, and administrative agencies) for the orderly redress of grievances and as a means of securing worthwhile reform. The Committee believes that the Government must continue to play an important role to assist citizens to obtain legal representation regardless of their economic state.

Testimony before the Committee demonstrates that the Legal Services programs, presently funded by the Office of Economic Opportunity, have provided effective, comprehensive and economical legal services to the client community. They have brought about and fostered the peaceful resolution of grievances through the legal system.

President Nixon recognized the importance and the need for such activity in his message of August 11, 1969:

The sluggishness of many institutions—at all levels of society—in responding to the needs of individual citizens, is one of the central problems of our time. Disadvantaged persons in particular must be assisted so that they fully understand the lawful means of making their needs known and having their needs met.

Frank Carlucci, Director of OEO, stated at the Committee hearings:

That Legal Services has been a vitally important, extremely successful program for the poor is borne out by a record that shows millions of poor Americans gaining access to legal redress that once was denied them by their lack of means.

To the poverty stricken family threatened by a sudden or illegal eviction or to a housewife defrauded by unscrupulous practices, legal services provides invaluable assistance—and stands as a symbol that this Nation is indeed, a Nation of law and justice for all.

The problem of poverty is more than the sum of problems for individual poor persons—it is the problem of migrants, of tribes of Indians, of black ghetto communities. Major decisions in cases brought by Legal Services attorneys have accomplished great strides in eliminating the sources of the recurring legal problems of the poor.

The program has not only protected the rights of eligible clients, but also created a new confidence in our system of law.

The Legal Services program has been subject to bureaucratic assaults from within OEO and attacks from without.

Mr. Edward L. Wright, President of the American Bar Association, testified that:

. . . recurring attacks on the Legal Services program have helped shape our view that the Legal Services program should be provided a new and independent home. * * *

The main focus of the association and its authorized representatives has been the protection and continuation of the program in a framework through which the lawyer could serve his clients to the extent of his professional responsibility and the ethical mandates of the profession. The maintenance of this professionalism is absolutely essential for the success of any Legal Services program.

The need for independence in order to provide competent and effective legal services was recognized when the Legal Services program was created in 1965. Prior to lending its support to this effort, the organized bar sought and received assurances that the program would provide high quality legal assistance in a manner consistent with the standards and ethical mandates of the legal profession, that the program would be managed by lawyers, and that the professional independence of Legal Services lawyers and the integrity of the lawyer-client relationship would be maintained. An important ingredient of the agreement between OEO and the bar was the establishment of the National Advisory Committee to Legal Services. As ABA President, Edward Wright, told the Committee:

The National Advisory Committee was later established pursuant to the understanding between OEO and the bar to assure the continued cooperation and support of the organized bar and to provide a voice for it in policies affecting the operations of the program.

In January 1971, the President's Commission on Executive Organization recommended that the Legal Services program be administered by a private nonprofit corporation. The Commission stated:

* * * we believe strongly that its (the Legal Services program) retention in the Executive Office of the President is inappropriate. At the same time, it is a unique Federal program which extends the benefits of the adversary process to many who do not have the ability to seek legal help.

In our view, this program should be placed in an organizational setting which will permit it to continue serving the legal needs of the poor while avoiding the inevitable political embarrassment that the program may occasionally generate * * *

Therefore, we recommend that the functions of the Legal Services program be transferred to a nonprofit corporation chartered by Congress.

Similarly, the ABA's section of Individual Rights and Responsibilities and the ABA's Standing Committee on Legal Aid and Indigent Defendants approved in principle a report which concluded that the private, nonprofit corporation was the best institutional setting for the Legal Services program. This conclusion was reached after identifying and analyzing all existing and potential alternatives, after extensive interviews with Federal officials, and after a survey of all Legal Services programs. The report concluded:

* * * the type of Corporation for Legal Services studied and discussed in this report appears to afford the greatest promise of independence coupled with permanence. It presents an opportunity to the Nation to make a lasting unequivocal commitment to the concept of justice for all.

And in a resolution adopted on April 29, 1971, the American Bar Association's board of governors stated:

* * * that the American Bar Association supports, in principle, the creation of a federally funded nonprofit corporation to administer moneys which will be used to fund programs which will provide a broad range of legal services to persons unable to afford the services of an attorney, the charter of which shall contain assurances that the independence of lawyers involved in the Legal Services program to represent clients in a manner consistent with the professional mandates shall be maintained * * *

In addition, the National Advisory Committee on Legal Services recommended in a March 21, 1971, report to the White House that:

After considering various alternatives regarding a future home for the Office of Economic Opportunity's Legal Services program other than OEO itself, the National Advisory Committee concluded and recommends that the program be transferred to a District of Columbia nonprofit corporation chartered by the Congress.

In the course of the hearings that focused on the establishment of an independent Legal Services Corporation, Bar Associations from

around the country voiced overwhelmingly positive feelings. The following is a partial list of some of the organizations which have endorsed the concept.

Federal Bar Association.
 State Bar of California.
 Connecticut Bar Association.
 Missouri Bar Association.
 Kentucky Bar Association.
 State Bar of Georgia.
 Ohio State Bar Association.
 Los Angeles County Bar Association.
 Rhode Island Bar.
 State Bar of Texas.
 West Virginia State Bar Association.

Testimony before the Committee in favor of an independent Legal Services Corporation was heard, in addition to the ABA, from the National Legal Aid and Defender Association, the American Trial Lawyers Association, the American Association of Law Schools, and the National Bar Association to mention a few.

This Committee has concluded that the Legal Services program will be more effective if independent from the executive branch of Government. The Committee strongly believes that a private, non-profit corporation can assure this program's independence from political attacks, the integrity of the lawyer-client relationship, and the professional independence of Legal Services attorneys. Such a structure will also insure that program's accountability to the Congress, the bar, and clients, and it will provide a permanent vehicle for the efforts to secure justice for the poor through our legal and judicial institutions.

Section 15 of the bill establishes a new title X to the EOA providing for a National Legal Service Corporation to be incorporated under the District of Columbia Non-profit Corporation Act, which is not to be an agency or establishment of the United States Government.

During the first six months after enactment an incorporating trusteeship is to be established composed of the president or a designee of the president of the American Bar Association, the National Legal Aid and Defender Association, the Association of American Law Schools, the American Trial Lawyers Association and the National Bar Association. The functions of the trustees include the actual incorporation of the National Legal Service Corporation, the establishment of the initial Advisory Council and the establishment of procedures for the provision of lists of nominees by the national professional associations for board membership.

The Corporation would have a Board of Directors consisting of 17 members appointed by the President with the advice and consent of the Senate in the following manner:

1 member—from list of nominees submitted by the Judicial Conference of the United States.

7 members—from individuals in the general public, three of whom must be attorneys admitted to the bar.

2 members—from persons eligible for assistance under this Title, after having given due consideration to the recommendations of client members of the Advisory Council.

2 members—from among former legal services project attorneys, after having given due consideration to the recommendations of the attorney members of the Advisory Council.

1 member—from list of nominees submitted by the Association of American Law Schools.

4 members—from lists of nominees submitted by the American Bar Association, National Bar Association, National Legal Aid & Defender Association, and the American Trial Lawyers Association, in accordance with procedures established by the incorporating trusteeship.

Board members would serve terms of 3 years. The terms of the initial Board members would be staggered according to a procedure spelled out in the bill, in order to preserve continuity. The Corporation would have an executive director who must be an attorney, and who would serve at the pleasure of the Board but for not more than 6 years. It is empowered to hire other staff as well.

After the selection of the board, a new 16-member Advisory Council would be formed to serve in an advisory capacity to the Board and submit recommendations for the nomination of new appointees to the Board.

Six months after enactment the Corporation is authorized to:

- (1) provide financial assistance to qualified programs furnishing legal services to members of the client community;
- (2) carry out research, training, technical assistance, experimental, legal paraprofessional and clinical assistance programs;
- (3) through financial assistance and other means, increase opportunities for legal education among individuals who are members of a minority group or who are economically disadvantaged;
- (4) provide for the collection and dissemination of information designed to coordinate and evaluate the effectiveness of the activities and programs for legal services in various parts of the country;
- (5) offer advice and assistance to all programs providing legal services and legal assistance to the client community conducted or assisted by the Federal Government;
- (6) establish policies consistent with the best standards of the legal profession to assure the integrity, effectiveness, and professional quality of the attorneys providing legal services under this title.

The Corporation is required to promulgate rules and regulations to insure the most economical use of resources and comprehensive delivery of services to the client community as well as the peaceful resolution of grievances. The Corporation must require that legal services program be supervised by a policy-making board on which one-half the members shall be members of the legal profession and members of the client community constitute at least one-third.

The Corporation is required to:

Prohibit full time attorneys from outside practice of law unless permitted as pro bono publico activity pursuant to guidelines established by the Corporation;

Insure that all attorneys who are not representing a client or group of clients refrain, while engaged in activities carried on by legal services programs funded by the Corporation, from undertaking to influence the passage or defeat of any legislation by

the Congress or State or local legislative bodies by representations to such bodies, their members, or committees, unless such bodies, their members, or committees request that the attorney make representations to them;

Insure that no funds provided by the Corporation shall be utilized for any activity which is planned and carried out to disrupt the orderly conduct of business by the Congress or State or local legislative bodies, for any demonstration, rally, or picketing aimed at the family or home of a member of a legislative body for the purpose of influencing his actions as a member of that body, and for conducting any campaign of advertising carried on through the commercial media for the purpose of influencing the passage or defeat of legislation;

Establish guidelines for consideration of possible appeals to be implemented by each grantee or contractor of the Corporation to ensure the efficient utilization of resources, but the guidelines shall in no way interfere with the attorney's responsibilities and obligations under the Canons of Professional Ethics and Code of Professional Responsibility;

Insure that no funds made available pursuant to this title shall be used to provide legal services with respect to any criminal proceeding, except in extraordinary circumstances where, after consultation with the court having jurisdiction the board has determined that adequate legal assistance will not be available for an indigent defendant unless such such services are made available; and

Require that where any legal proceeding is brought by attorneys employed by the corporation or by attorneys paid in whole or in part from funds provided by the corporation then the corporation shall be liable to any prevailing defendant or defendants for payment of reasonable legal fees and court costs awarded in connection with such proceedings.

The nonprofit and nonpolitical nature of the Corporation is insured by restrictions on power to issue stock, contribute to a political party or candidate for elective office and the coverage of all personnel by the provisions of the Hatch Act.

The Corporation will also be required to maintain copies of all pertinent documents and records in the principal office of the corporation readily available for inspection. The Corporation must afford reasonable notice and opportunity to comment to interested parties prior to issuing guidelines and to publish in the Federal Register all by-laws, regulations and guidelines.

The Corporation is required to be subject to an annual audit by an independent licensed public accountant. The General Accounting Office is also authorized to perform annual audits of the Corporation. Records and other information necessary to such audits must be provided consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession. A report of each audit by the GAO shall be submitted to the Congress by the Comptroller General.

The Corporation is required to prepare an annual report for transmittal to the President and to the Congress on or before the 30th of January of each year. The report is to include findings and recom-

mentations concerning the preservation of the attorney-client relationship, adherence to the Code of Professional Responsibility and a comprehensive and detailed report of the operations, activities, financial conditions, and accomplishments together with additional views and recommendations of members of the Board.

The Corporation is to establish procedures for providing for notice and hearings when terminating a grantee.

All property, equipment, rights and liabilities now held or being used in connection with presently existing legal services programs is to be transferred to the National Legal Services Corporation.

Title X is a compromise—the result of extensive good faith efforts on the part of Members on both sides of the aisle to resolve honest differences of opinion as between the supporters of the two major bills introduced on this subject, H.R. 8163, the Administration bill, and a bipartisan measure, H.R. 6360. The two were similar in basic concept in that they would have established a private nonprofit corporation to carry out the functions and activities of the Legal Services program presently administered by OEO. The Corporation was to be authorized to make grants and contracts to provide comprehensive legal services to low-income persons. In many other areas the bills were similar in concept and most differences were easily resolved.

A number of fairly basic differences existed, however, which the Committee bill resolved with due consideration and adjustment in the positions of both sides. The final position in most cases, it can be said, resulted in a better provision than did either of the original bills. Among the matters in dispute as between H.R. 8163 and H.R. 6360 were the following: whether project attorneys were to be allowed to engage in criminal practice; whether services were to be limited to people below the poverty line; the degree to which project attorneys were to be permitted to engage in political activities and lobbying activities; the make-up and means of selecting the board of directors of the Corporation.

The issue of the board of directors presented, of course, the most difficult single issue. The Committee compromise combines the principle of representation for all groups legitimately interested in the program and its activities (contained in H.R. 6360), with the principle that the President should be free to choose and nominate Legal Services board members (contained in H.R. 8163). The compromise provides for representation of the organized bar (the ABA, NLADA, NBA and the ATLA), as well as the law schools, the client community, the project attorneys, the courts, the public and the legal profession generally. The President retains maximum flexibility as to who he nominates. He has complete discretion in the nomination of seven members of the board, subject only to the requirement that at least three of this category must be lawyers. Nomination of the four members representing the client community and former project attorneys (two each) are subject only to the requirement that the President give "due consideration" to recommendations of the Advisory Council—recommendations which he is free to ignore. All other selections are to be made from lists provided by the Judicial Conference, the law schools and the bar associations. The President, if he finds no one on a list acceptable to him, may insist on a new one.

The issue as to whether project attorneys might seek to influence passage or defeat of any legislation by the Congress, by a State or local legislative body was resolved by prohibiting any such activities except in the case where the attorney is engaged in the actual bona fide representation of a client or when requested to do so by the legislative body. The language will prohibit the type of self-starting "lobbying" that has drawn criticism to legal services in the past. All political activities by project attorneys in the final version of the bill were prohibited. Project attorneys are covered by the Hatch Act in an even more restricted fashion than are Federal employees. The project attorneys are not only forbidden to participate in partisan politics and elections, they are forbidden to participate in nonpartisan elections as well.

In the end it was decided that representation at the present time by project attorneys under the Legal Services Program should be limited to persons who are "members of the client community," those unable to obtain private legal counsel because of inadequate financial means. The Committee is interested in the possibility of legal services being extended to the so-called "near poor" as well as to those individuals classified as belonging in the poverty category. Precedents have been set in other programs and this year's bill provides an amendment to the Comprehensive Health Services provisions which permits charging of fees to those other than the poor population who receive the benefit of those services. The Corporation is expected to study how best this can be accomplished in the Legal Services Program and to report back to the Congress within eighteen months.

It is to be hoped, of course, that the Director of OEO will also give serious study to a similar extension of program benefits to the near poor under other programs. The Committee in the future will be interested in knowing the program implications, the cost and how best the extension of services might be accomplished for all major programs authorized under the Act.

The Administration bill had a flat prohibition against project attorneys providing representation to any client in a criminal matter. There was no such prohibition in the bi-partisan bill, H.R. 6360. The Committee resolved the issue by adopting language similar to existing law forbidding criminal representation except in extraordinary circumstances "where, after consultation with the court having jurisdiction, the Board has determined that adequate legal assistance will not be available for an indigent defendant unless such services are made available under the Legal Services Program." The Committee intends this exception to be made only in genuinely exceptional circumstances. The original language was adopted with the urban disorders of the summer of 1967 in mind. Those disorders resulted in thousands of arrests with the consequent overloading of the courts to the extent that there was serious danger of a breakdown of the system of criminal justice. In such circumstances the Congress determined that it was entirely proper and expected that legal services attorneys should be used and contribute their efforts toward the solution of such serious problems facing the criminal court system.

The limitation on criminal representation was a recognition of the fact that the U.S. Supreme Court had placed the burden of providing representation in major criminal matters on the States and that courts generally could be expected to provide representation in criminal matters. Under those circumstances it was decided that it would be an uneconomical use of limited legal services funds to use them in any but the most extraordinary circumstances to provide criminal representation. The Committee is of the belief that those general principles should continue to govern the provision of criminal representation under the language provided. It is the intent of the Committee, however, that the local legal services governing board should be permitted to make exceptions in individual cases where substantial reason exists for a deviation from the general prohibition.

LOCAL SHARE FOR FOSTER GRANDPARENTS PROGRAM

The Committee adopted a technical amendment to section 611 of the Older Americans Act. At the time of the transfer of the Foster Grandparents Program from OEO to the Department of Health, Education and Welfare, the director's authority to approve assistance where warranted, in excess of 90 percent of the program's cost was not transferred. The Director of ACTION, who now has administrative authority over the Foster Grandparents Program as a result of Reorganization Plan No. 1, may not approve assistance in excess of 90 percent of the cost of developing and operating Foster Grandparents projects. Section 16 of the bill corrects this oversight and permits the director of ACTION in the future to approve assistance in excess of 90 percent where he determines in accordance with regulations establishing objective criteria that such action is required in furtherance of the purposes of the program. The section also provides that with respect to certain projects for which grants had previously been made contributions in cash or in kind from the Bureau of Indian Affairs toward the cost of an individual project may be counted as part of the non-Federal share.

SECTION BY SECTION ANALYSIS OF THE BILL

The bill, as reported, is in the form of an amendment striking all after the enacting clause of the introduced bill. This analysis describes the provisions of the Committee amendment.

SECTION 1—SHORT TITLE

This section provides that the Act may be cited as the "Economic Opportunity Amendments of 1971".

SECTION 2—AUTHORIZATION OF APPROPRIATIONS

Subsection (a) of section 2 authorizes \$2,194,066,000 to be appropriated for the fiscal year ending June 30, 1972, and \$2,750,000,000 for the fiscal year ending June 30, 1973, for the purpose of carrying out the Economic Opportunity Act.

Subsection (b) of section 2 reserves \$350,000,000 of the total amount appropriated each year for the Act for funding local initiative programs authorized under section 221 of the Economic Opportunity Act.

SECTION 3—EXTENSION OF PROGRAM AUTHORITY

This section extends the authority to conduct all of the programs under the Economic Opportunity Act for an additional two years including the Job Corps, Work and Training, Special Impact and Special Work and Career Development programs of Title I, Community Action programs of Title II, Rural Loan and Migrant programs of Title III, the Small Business Administration programs of Title IV, Day Care programs of Title V, the administration and coordination authorities of Title VI, and the VISTA program of Title VIII.

SECTION 4—ELIGIBILITY REQUIREMENTS—HEAD START

This section provides that the Director shall not promulgate general eligibility requirements which require payment for participation in Head Start programs by children of families whose annual income does not exceed \$4,500 for a family of four, or comparable amounts in the case of other sized families. Eligibility requirements may otherwise be varied to reflect individual family and geographic situations and special program needs.

SECTION 5—COMPREHENSIVE HEALTH SERVICES—PAYMENT FOR SERVICES

This section amends the provision dealing with the "Comprehensive Health Services" program by deleting language which permitted extension of health services on an emergency basis or pending determination of eligibility to all residents in the area of the Comprehensive Health Center, and substituting in lieu thereof authority for the Director pursuant to regulations, to require payment for health services by persons who are not members of low-income families.

SECTION 6—SPECIAL EMPHASIS PROGRAM AMENDMENTS—NEW PROGRAMS

Subsection (a) of section 6 deletes a sentence in the paragraph dealing with the "Alcoholic Counseling and Recovery" program which required dollar reservations for fiscal year 1970 and fiscal year 1971 and which, by its terms, is presently inoperative.

Subsection (b) of section 6 deletes dollar earmarking requirements for the "Drug Rehabilitation" program. This subsection also authorizes the Director to undertake special programs to promote employment opportunities for rehabilitated drug addicts and assist employers in dealing with addiction and drug abuse problems among the formerly hard core unemployed. The Director is required to give special priority to veterans and employers of significant numbers of veterans. Without changing income eligibility standards for initial admission to treatment and rehabilitation programs of this kind, the Director is further authorized by this subsection to establish policies which will permit an individual to complete a full course of rehabilitation even though he has become non-low-income by becoming employed as a result of the rehabilitation process.

Subsection (c) of section 6 authorizes a new "special emphasis" program entitled "Environmental Action" under which low-income persons will be paid for working on projects combating pollution and improving the environment. Projects may include clean-up and sanitation activities, reclamation and rehabilitation of eroded or ecologically damaged areas, conservation and beautification activities, the restoration and maintenance of the environment and the improvement of the quality of life in urban and rural areas.

Subsection (c) of section 6 also authorizes a new "Rural Housing Development and Rehabilitation" program to assist low-income families in rural areas to construct and acquire ownership of adequate housing, to rehabilitate or repair existing substandard units and to otherwise assist low-income families in obtaining standard housing. Financial assistance may be provided to rural housing development corporations in rural areas to be used for such purposes as administrative expenses, revolving development funds, nonrevolving land, development and construction write-downs, rehabilitation or repair of substandard housing, and loans to low-income families. Loans may be used for the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period shall not exceed thirty-three years. No loans may bear an interest rate of less than one percent except that if the Director, having examined the family income of the applicant, the projected housing costs of the applicant, and other factors he deems appropriate, may waive the interest in whole or in part for such periods of time as he may establish where he determines that the applicant would otherwise be unable to participate in this program. No such waiver may, however, be granted if the adjusted family income, as determined by the Farmers Home Administration, is in excess of \$3,700 per annum. Where a waiver is provided the applicant must be required to commit at least 20 percent of his adjusted family income toward the mortgage debt service and other housing costs. Family incomes are required to be recertified annually and monthly payments adjusted accordingly. \$10,000,000 is authorized to be appropriated for fiscal year 1972 and \$15,000,000 for fiscal year 1973 for the purpose of carrying out this program.

SECTION 7—RESERVATION OF APPROPRIATIONS

Subsection (a) of section 7 reserves, notwithstanding the language of section 225(a), 4 percent of the sums appropriated for fiscal years 1972 and 1973 for Community Action programs for use in Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, and the Virgin Islands, according to their respective needs.

Subsection (b) of section 7 eliminates the authority of the Director to require non-Federal contributions in excess of 20 percent of the approved program costs assisted under authority of the Economic Opportunity Act.

SECTION 8—STATE ECONOMIC OPPORTUNITY OFFICES—ENFORCEMENT OF RULES

This section provides that, upon the filing of an allegation by any member of a Community Action Agency board that a State Economic Opportunity office is in violation of any requirement of the Economic Opportunity Act, or any regulation, rule or guideline promulgated pursuant to it, the Director is required promptly to investigate. If he finds reasonable cause to believe that the allegation is true, he is required to hold a hearing and to notify all interested parties of his findings. If he finds the allegation to be true, and that after being afforded a reasonable opportunity to do so, the State Economic Opportunity office refuses to make appropriate corrections, he is required to terminate, forthwith, further assistance to the agency until he has received assurances satisfactory to him that such violations will not occur.

SECTION 9—EQUITABLE DISTRIBUTION OF COMMUNITY ACTION RESOURCES

This section requires the Director to assure that Community Action funds be distributed on an equitable basis so that all significant segments of the low-income population of a community are served.

SECTION 10—MIGRANT AND SEASONAL FARMWORKERS

This section encourages the Director to conduct programs to equip unskilled migrant and seasonal farmworkers and members of their families to take advantage of opportunities available to them to improve their self-sufficiency by participation in available government employment programs, as well as in government training programs for which the law presently provides.

SECTION 11—TRANSFER AUTHORITY

This section reduces the authority of the Director to transfer earmarked funds as between the various programs and activities authorized under the Economic Opportunity Act. His authority would be limited to 10 percent of the amount appropriated or allocated to carry out an individual program or activity and may not result in the increase of funds available for that program or activity by more than 10 percent.

SECTION 12—DATE FOR FIVE-YEAR POVERTY PLAN

This section provides that the five-year national poverty action plan, required to be presented on an annual basis to the Congress by section 632, must be presented by December 31 of each calendar year, beginning in 1971.

SECTION 13—NOTICE TO CONGRESS

This section requires that all rules, regulations, guidelines, instructions and application forms published and promulgated under the Economic Opportunity Act be provided to the House Committee on Education and Labor and the Senate Committee on Labor and Public Welfare no less than 30 days prior to their effective date.

SECTION 14—EVALUATION OF PROGRAMS

This section consolidates in a single new Title IX—Evaluation—all existing authority for the conduct of evaluation activities under the Economic Opportunity Act. It provides that the Director must conduct evaluations that describe and measure the impact of poverty programs, their effectiveness in achieving stated goals, their impact on related programs and their structure and mechanisms for delivery of service including, where appropriate, comparisons with appropriate control groups of persons who have not participated in such programs. The Director is authorized to contract or make arrangements for independent evaluations of poverty programs or projects. The Director is required to publish standards for evaluation of program effectiveness. He is further required to determine what standards have been met in deciding whether to renew or supplement financial assistance. He may require a Community Action Agency to provide independent evaluations. Federal agencies administering programs related to those conducted under the Economic Opportunity Act are required to cooperate with the Director in the conduct of evaluations to the full extent permitted by other applicable laws, and to provide the Director with statistical data, program reports, etc., on program operations and effectiveness. The Director is required, whenever possible, to arrange to obtain the opinions of program participants about the strengths and weaknesses of programs. The Director is required to consult with State agencies to provide for jointly sponsored evaluation studies. He is further required to publish the results of evaluation research not later than 60 days after its completion. The Director is further required to assure that all studies, evaluations, proposals and data produced or developed with Federal funds shall become the property of the United States. He is further required to publish and summarize the results of the evaluation studies in the annual report required by section 608.

SECTION 15—LEGAL SERVICES

This section adds a new Title X—National Legal Services Corporation—to the existing Economic Opportunity Act.

Section 1001—Declaration of Policy

This section states Congressional findings and declaration of policy with respect to the National Legal Services Corporation. The Congress finds that it is in the public interest to encourage and promote resort to attorneys and appropriate institutions for the orderly resolution of grievances and as a means of securing orderly change, responsiveness and reform; that many low-income persons are unable to afford the cost of legal services or of access to appropriate institutions; that this is a matter of not only private and local concern but that it is a matter of appropriate and important concern to the Federal government.

The Congress finds further that the integrity of the attorney-client relationship and of the adversary system of justice in the United States requires that there be no political interference with the provision and performance of legal services, and that while existing legal services programs have provided economical, effective, and comprehensive legal services to the poor, a private nonprofit corporation should now be created to encourage the availability of legal services and legal institutions to all citizens of the United States free from extraneous interference.

Section 1002—Establishment of Corporation

Subsection (a) of section 1002 establishes a private, nonprofit corporation to be known as the "National Legal Services Corporation" which is not to be an agency of the Federal government, but which shall be subject to the provisions of this title and to the extent consistent with this title to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

Subsection (b) of section 1002 provides that no part of the net earnings of the Corporation shall inure to the benefit of any private person and that the corporation it shall be treated as an organization described in section 170(c)(2)(B) and exempt from taxation under section 501(a) of the Internal Revenue Code.

Section 1003—Process of Incorporation and Organization

Subsection (a) of section 1003 provides that the process of incorporation and initiation of the organization of the corporation shall occur during a transition period of 6 months following enactment of the Economic Opportunity Amendments of 1971.

Subsection (b) of section 1003 establishes an incorporating trusteeship composed of the respective presidents of the American Bar Association, the National Legal Aid and Defender Association, the Association of Law Schools, the American Trial Lawyers Association, and the National Bar Association, or their designees. The trusteeship must meet within 30 days after enactment of these amendments to carry out the provisions of the section and to provide procedures for the provision of a list of nominees by the national professional associations of attorneys in accordance with section 1004(a).

Subsection (c) of section 1003, requires in paragraph (1) that the incorporating trusteeship establish within 60 days the initial advisory council to be composed of 16 members from among attorneys actively engaged in providing legal services and from among the client community. This council is to be established after consultation with associations of attorneys actively engaged in the legal services program and national organizations of persons eligible for assistance. No more than 8 members of the council may be from the client community. Paragraph (2) requires the Director of the Office of Economic Opportunity to compile a list of all currently funded legal services programs and to furnish that list to the incorporating trusteeship. He is also required to make available to the incorporating trusteeship such administrative services, financial and other resources as it may require.

Subsection (d) of section 1003 requires, meetings of both the client members and the project attorney members of the Advisory Council

within 90 days after enactment and the subsequent submission by each group of recommendations required by section 1004(a) of persons to serve on the initial board of directors.

Subsection (e) of section 1003 directs the incorporating trusteeship, during the 90-day period of incorporation, to take such actions as are necessary to effect the incorporation, including the filing of the articles under the District of Columbia Nonprofit Corporation Act and to prepare for a meeting of the board of directors. The incorporating trusteeship is not to select the executive director of the Corporation, however.

Subsection (f) of section 1003 provides that during the next 90 days the board is directed to take whatever other action as is necessary to prepare to carry out the activities of the Corporation.

Section 1004—Directors and Officers

Subsection (a) of section 1004 provides for a seventeen member board of directors for the Corporation to be appointed by the President, by and with the consent of the Senate. One of the members shall be elected annually by the board to serve as Chairman. Members of the board are to be appointed as follows: one member from a list of nominees submitted by the Judicial Conference of the United States; seven members from among the general public, no fewer than three of whom shall be members of the bar of the highest court of a jurisdiction; two from among the client community—persons eligible for assistance (due consideration is to be given to recommendations of the client members of the Advisory Council established in section 1003(c)); two from among former legal services project attorneys (due consideration is to be given to recommendations of the attorney members of the Advisory Council); one member from a list of nominees submitted by the Association of American Law Schools; and four members from lists of nominees submitted by the American Bar Association, the National Bar Association, the National Legal Aid and Defender Association, and the American Trial Lawyers Association. Authority is given to the board of directors to establish procedures under which this last category of board members are subsequently to be nominated by the respective associations.

Subsection (b) of section 1004 provides that the directors shall serve three year staggered terms and outlines the procedure for staggering the respective categories of directors. The terms of directors first taking office shall be effective on the ninety-first day after the enactment of this Act. The term of the director nominated by the Judicial Conference expires at the end of one year. The terms of the remaining directors expire as designated by the President at the time of their appointment. The terms of the directors nominated from among the general public expire two at the end of three years, two at the end of two years, and three at the end of one year. The terms of the two directors selected from the client community expire at the end of the second and third years respectively. The terms of the directors appointed from among the project attorneys expire at the end of one and three years respectively. The term of the nominee submitted by the Association of American Law Schools expires at the end of three years; and of the terms of the directors selected from the lists of nominees submitted by the four associations, one expires at the end of three years, two at

the end of two years and one at the end of one year. Any director appointed to fill a vacancy is appointed only for the remainder of the term of the director whom he replaces.

Subsection (c) of section 1004 provides for an executive director, who must be an attorney, and such other officers as may be appointed by the board at rates of pay fixed by the board. The director and officers are to serve at the pleasure of the board. No individual, however, may be executive director for more than six years. The executive director is to serve as a member of the board *ex officio* without vote.

Subsection (d) of section 1004 provides that no political test or qualification is to be used in selecting, appointing, or promoting any officer, attorney or employee of the Corporation. During their period of employment no officer or employee is to receive any salary from any source other than the Corporation.

Subsection (e) of section 1004 provides that all meetings of the board, executive committees of the board and the Advisory Council are to be open to the public where appropriate with proper notice of such meeting being provided to interested parties and the public a reasonable time prior to such meeting.

Subsection (f) of section 1004 provides that no member of the board may participate in any action of the board with respect to any matter which directly affects that member or any firm or organization with which that member is then currently associated.

Subsection (g) of section 1004 provides that boards subsequent to the initial board shall, after consultation with the Advisory Council, provide for rules with respect to the subsequent meetings of the Advisory Council.

Section 1005—Advisory Council

Subsection (a) of section 1005 provides for the establishment of an Advisory Council and directs that the board, after consulting with national organizations of persons eligible for assistance under this title and associations of attorneys directly engaged in the conduct of legal services programs and after receiving their recommendations, shall provide for the selection of an Advisory Council to replace the initial one. The Advisory Council is to be composed of not more than sixteen members selected in accordance with procedures established by the board, including terms of office, qualifications and method of selection and appointment. Equal representation on the Council is to be provided to clients and project attorneys. This section further provides that all areas of the country and all significant segments of the client population must be represented and that no more than one representative from any one State may serve on the Council. The Advisory Council is to advise the board of directors and the executive director on policy matters relating to legal services and the needs of the client community and may act as liaison between the client community and the legal services programs through such activities as it deems appropriate. The Advisory Council is specifically authorized by this section to submit recommendations for appointment of persons as members of the board in accordance with section 1004.

Subsection (b) of section 1005 requires the board to provide sufficient resources to the Council to provide for reasonable travel costs and expenses, in such amounts as the board may determine.

Section 1006—Activities and Powers of the Corporation

Subsection (a) of section 1006 provides that six months after the enactment of this act the Corporation is authorized to: (1) provide financial assistance to qualified programs furnishing legal services; (2) provide financial assistance to pay the costs of contracts or other agreements made under this title related to the process of incorporation and organization of the Corporation; (3) carry out research, training, technical assistance, experimental, legal paraprofessional and clinical assistance programs; and (4) through financial assistance and other means increase opportunities for legal education among persons who are members of minority groups or who are economically disadvantaged; (5) provide for the collection and dissemination of information designed to coordinate and evaluate the effectiveness of the activities and programs for legal services; (6) offer advice and assistance to all programs providing legal services and legal assistance to the client community conducted or assisted by the Federal Government including (A) reviewing all grants and contracts for legal services made under other provisions of Federal law by any agency of the Federal Government and making recommendations to that agency, (B) reviewing and making recommendations to the President and to the Congress concerning any proposal, legislative or executive, to establish a federally assisted program of legal services, and (C) providing, upon request of the President, training, technical assistance, monitoring and evaluation services to any federally assisted legal services program; (7) assure that attorneys employed, or paid in whole or in part from funds provided by the Corporation, carry out the same duties to their clients and enjoy the same protection from interference as if such attorneys were hired directly by a client and that attorneys are bound by the same Canons of Professional Responsibility as are applicable to other attorneys; (8) establish standards of eligibility consistent with those established by the Office of Economic Opportunity for the provision of legal services with special provision for priority for members of the client community who are least able to provide legal services for themselves; (9) to establish policies consistent with the best standards of the legal profession to assure the integrity, effectiveness, and professional quality of attorneys providing legal services under this title; and (10) carry on such other activities as may further the purposes of this title.

Subsection (b) of section 1006 authorizes the Corporation in the performance of its functions, to: (1) make grants and enter into contracts, leases, cooperative agreements, or other transactions, in accordance with bylaws established by the board of directors appropriate to conduct the activities of the Corporation; (2) accept unconditional gifts or donations and use, sell, or otherwise dispose of such gifts or donations for the purpose of carrying out its activities; (3) appoint such attorneys or other professional and clerical personnel as may be required and set their salaries in accordance with the classifications and General Schedule pay rates of the Civil Service laws; (4) promulgate regulations establishing criteria relating to the manner of approval of applications for grants based on the following considerations: (A) the most economical, effective and comprehensive delivery of legal services; (B) peaceful resolution of grievances and resort to

orderly means of seeking change; and (C) maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services to the client community; (5) establish and maintain a law library; (6) establish procedures for the conduct of legal services programs assisted by the Corporation including a requirement that the applicant give assurances that the program will be supervised by a board on which the legal profession constitutes a majority and on which members of the client community constitute at least one-third of the membership. A waiver of this requirement is permitted in the case of a legal services program currently in existence which has a policymaking board on which lawyers constitute less than a majority of the board.

Subsection (c) of section 1006 requires that attorneys employed full time in programs funded under this title refrain from any outside practice of law unless permitted as *pro bono publico* activity under guidelines established by the Corporation.

Subsection (d) of section 1006 requires the Corporation to insure the attorneys, unless representing a client or group of clients, refrain from lobbying the Congress or State or local legislative bodies unless such bodies, their members, or committees, request that the attorneys make representations to them. This subsection further provides that no funds are to be used for any activity that is planned or carried out to disrupt the orderly conduct of business by the Congress or State or local legislative bodies, or for any demonstration, rally or picketing aimed at the family or home of a member of a legislative body for the purpose of influencing his actions, and for any campaign of advertising carried on through the commercial media for the purpose of influencing the passage or defeat of legislation.

Subsection (e) of section 1006 requires the Corporation to establish guidelines for the consideration of appeals to be brought by legal services project attorneys to ensure the efficient use of resources. These guidelines are in no way to interfere with the attorney's responsibilities and obligations under the Canons of Professional Ethics and Code of Professional Responsibility.

Subsection (f) of section 1006 prohibits the use of funds to provide legal services with respect to any criminal proceeding, except in extraordinary circumstances where, after consultation with the court having jurisdiction, the board has determined that adequate legal services will not be available for an indigent defendant unless such services are made available.

Subsection (g) of section 1006 requires the Corporation to notify the appropriate State bar associations or associations at least thirty days prior to the approval of any grant or contract under this title. Notification must include a reasonable description of the grant or contract application.

Subsection (h) of section 1006 provides that where any legal proceeding is brought by attorneys employed by the Corporation, or paid in whole or in part by funds provided by the Corporation, the Corporation is liable to any prevailing defendant or defendants for payment of legal fees or court costs awarded in connection with such proceedings.

Section 1007—Nonprofit and Nonpolitical Nature of the Corporation

Subsection (a) of section 1007 provides that the Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

Subsection (b) of section 1007 provides that no part of the income or assets of the Corporation shall inure to the benefit of any director, officer, employee, or any other individual except as reasonable compensation for services.

Subsection (c) of section 1007 provides that the Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

Subsection (d) of section 1007 provides that full time employees of the Corporation, or of programs funded by the Corporation, are subject to provisions of section 7324 of title 5, United States Code—the Hatch Act. The exemption in section 7326(1), relating to non-partisan elections, will not apply in the case of such individuals.

Section 1008—Access to Records and Documents Related to the Corporation

Subsection (a) of section 1008 provides that copies of all records and documents pertinent to each grant or contract made by the Corporation shall be maintained in the principal office of the Corporation in a place readily accessible and open to public inspection during ordinary working hours for a period of at least five years subsequent to the making of such grant or contract.

Subsection (b) of section 1008 requires that copies of all reports pertinent to the evaluation, inspection, or monitoring of grantees and contractors shall be maintained for a period of at least three years in the principal office of the Corporation subsequent to such evaluation, inspection, or monitoring visit. Upon request, the substance of such reports shall be furnished to the grantee or contractor who is the subject of the evaluation, inspection or monitoring visit.

Subsection (c) of section 1008 requires that the Corporation shall afford notice and reasonable opportunity for comment to interested parties prior to issuing regulations and guidelines, and it shall publish in the Federal Register on a timely basis all its bylaws, regulations and guidelines.

Subsection (d) of section 1008 provides that the Corporation shall be subject to the provisions of the Freedom of Information Act.

Section 1009—Financing of the Corporation

This section provides that in addition to any funds reserved and made available for payment to the Corporation from appropriations for carrying out the Economic Opportunity Act of 1964 for any fiscal year, there are further authorized to be appropriated for payment to the Corporation such sums as may be necessary for any fiscal year. Funds made available to the Corporation from appropriations for any fiscal year shall remain available until expended.

Section 1010—Records and Audit of the Corporation and the Recipients of Assistance

Subsection (a) of section 1010 provides that the accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by any independent certified or licensed

public accountant. Each such audit shall be conducted at the place or places where the accounts of the Corporation are normally kept. All records shall be made available to the person conducting the audit, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession. The report of each such independent audit shall be included in the annual report required under this title. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the assets and liabilities, and surplus or deficit of the Corporation, with an analysis of the changes therein during the year, supplemented by a statement of the income and expenses during the year, a statement of the sources and application of funds, together with the opinion of the independent auditor of those statements.

Subsection (b) (1) of section 1010 provides that the financial transactions of the Corporation may be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession. Any such audit shall be conducted at the place or places where the accounts of the Corporation are normally kept. The representative of the General Accounting Office shall have access to all records pertaining to the financial transactions of the Corporation and shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents and custodians. All records shall remain in the possession and custody of the Corporation. Paragraph (2) of this subsection requires that the Comptroller General make a report of each such audit to the Congress, and that the report contain such comments and information as he deems necessary to inform the Congress of the financial operations and conditions of the Corporation together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General has been carried on or made without authority of law. A copy of each report shall be furnished to the executive director and to each member of the board at the time it is submitted to the Congress.

Subsection (c) (1) provides that each grantee or contractor, other than a recipient of a fixed price contract awarded pursuant to competitive bidding procedures, under this title shall keep such records as may be reasonably necessary to fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project, the amount and nature of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit. Paragraph (2) of this subsection further provides that the Corporation, or any of its duly authorized representatives, shall have access to all records of the recipient that are pertinent to assistance received under this section for the purpose of audit and examination. The Comptroller General, or any of his duly authorized representatives, shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the Corporation.

Section 1011—Reports to Congress

This section provides that the Corporation shall submit an annual report to the President and to the Congress to be transmitted on or before the 30th day of January of each year, summarizing the activities of the Corporation and making such recommendations as it may deem appropriate. This report shall include findings and recommendations concerning the preservation of the attorney-client relationships and adherence to the Code of Professional Responsibility of the American Bar Association in the conduct of programs supported by the Corporation, a detailed report of the operations, activities, financial condition, and accomplishments of the Corporation, together with additional views and recommendations, if any, of members of the board.

Section 1012—Definitions

This section defines the terms used in this title as follows: (1) "State" means the several States and the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territories of the Pacific Islands; (2) "Corporation" means the National Legal Services Corporation established pursuant to this title; (3) "client community" means individuals unable to obtain private legal counsel because of inadequate financial means; (4) "member of the client community" includes any person unable to obtain private legal counsel because of inadequate financial means; (5) "representatives of the client community" includes any person who is selected by members of the client community whether or not a member of that community; (6) "legal services" includes legal advice, legal representation, legal research, education concerning legal rights and responsibilities, and similar activities; (7) "legal profession" refers to that body composed of all persons admitted to practice before the highest court of at least one State of the United States; and (8) "non-profit" as applied to any foundation, corporation, or association means a foundation, corporation or association no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual.

Section 1013—Federal Control

This section provides that nothing contained in this title shall be deemed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the Corporation or any of its grantees, contractors or employees, or over the charter or bylaws of the Corporation, or over attorneys providing legal services or over members of the client community receiving legal services under this title.

Section 1014—Special Limitations

This section provides that the board shall prescribe procedures to insure that (1) financial assistance is not to be suspended for failure to comply with applicable terms and conditions, except in emergency situations, unless the grantee or contractor has been given reasonable notice and opportunity to show cause why such action should not be taken; and (2) that financial assistance shall not be terminated, an application for refunding shall not be denied, and an emergency suspension of financial assistance shall not be continued for longer than thirty days, unless the grantee or contractor has been afforded reasonable notice and opportunity for a timely, full and fair hearing.

Section 1015—Coordination

This section provides that the President may direct that particular support functions of the Federal Government such as the General Services Administration, the Federal telecommunications system, and other facilities, be utilized by the Corporation or its grantees or contractors to the extent not inconsistent with other applicable law.

Section 1016—Transfer Matters

Subsection (a) of section 1016 provides that on and after the date of enactment of the Economic Opportunity Amendments of 1971, notwithstanding any other provision of law, all rights of the Office of Economic Opportunity to capital equipment in the possession of legal services programs assisted pursuant to sections 222(a)(3), relating to authorization of the legal services program, 230, relating to technical assistance and training activities, 232, relating to research and pilot programs, or any other provision of the Economic Opportunity Act of 1964, shall become the property of the National Legal Services Corporation.

Subsection (b) of section 1016 provides that six months after enactment of this law all personnel, assets, liabilities, property, and records as determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function of the Director under section 222(a)(3) of this Act shall be transferred to the Corporation.

Subsection (c) of section 1016 provides that during fiscal year 1972 the Director of the Office of Economic Opportunity shall take such action as may be necessary, in cooperation with the executive director of the Corporation, to arrange for the orderly continuation by such corporation of financial assistance to legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision of the Economic Opportunity Act of 1964. This subsection further provides that whenever the Director of the Office of Economic Opportunity determines that an obligation to provide financial assistance pursuant to any contract or grant agreement for such legal services will extend beyond six months after the date of enactment of this Act, he shall include in any such contract or agreement provisions to assure that the obligation to provide such financial assistance may be assumed by the Corporation, subject to such modifications of the terms and conditions of that contract or grant agreement as the Corporation determines to be necessary.

Subsection (d) of section 1016 provides that section 222(a)(3) of the Economic Opportunity Act of 1964 is repealed effective six months after the date of enactment of this Act.

Subsection (e) of section 1016 provides that notwithstanding any other provision of law, after the enactment of this Act, but prior to the enactment of appropriations to carry out the Economic Opportunity Act of 1964 for the fiscal year ending June 30, 1972, the Director of the Office of Economic Opportunity shall, out of appropriations then available to him, make funds available to assist in meeting the organizational expenses of the Corporation and in carrying out its activities.

Subsection (f) of section 1016 provides that Title VI of the Economic Opportunity Act of 1964 is amended by inserting after section

622 a new section 623, entitled "Independence of National Legal Services Corporation" which provides that nothing in this Act, except title X, and no reference to this Act unless such reference refers to title X, shall be construed to affect the powers and activities of the National Legal Services Corporation.

SECTION 16—LOCAL SHARE—FOSTER GRANDPARENTS PROGRAM

Subsection (a) of section 16 provides that section 611(a) of the Older Americans Act of 1965 relating to the Foster Grandparents Program is amended by adding at the end thereof the following new sentence: "The Director of Action may approve assistance in excess of 90 per centum of the cost of the development and operation of such projects if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this section."

Subsection (b) of section 16 provides that the above amendment shall be effective from the date of enactment of this section. This subsection further provides that in the case of any project with respect to which, prior to such date, a grant or contract has been made under such section or with respect to any project under the Foster Grandparents programs was in effect prior to September 17, 1969, contributions in case or in kind from the Bureau of Indian Affairs, Department of the Interior, toward the cost of the project may be counted as part of the cost thereof which is met from non-Federal sources.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED

AN ACT To mobilize the human and financial resources of the Nation to combat poverty in the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Opportunity Act of 1964."

TITLE I—WORK TRAINING AND WORK-STUDY PROGRAMS

[EVALUATION: EXPERIMENTAL AND DEVELOPMENTAL PROJECTS

[Sec. 113. (a) The Director shall provide for the careful and systematic evaluation of the Job Corps program, directly or by contracting for independent evaluations, with a view to measuring specific benefits, so far as practicable, and providing information needed to assess the

effectiveness of program procedures, policies, and methods of operation. In particular, this evaluation shall seek to determine the costs and benefits resulting from the use of residential as opposed to non-residential facilities, from the use of facilities combining residential and nonresidential components from the use of centers with large as opposed to small enrollments, and from the use of different types of program sponsors, including public agencies, institutions of higher education, boards of education, and private corporations. The evaluation shall also include comparisons with proper control groups composed of persons who have not participated in the program. In carrying out such evaluations, the Director shall arrange for obtaining the opinions of participants about the strengths and weaknesses of the program and shall consult with other agencies and officials in order to compare the relative effectiveness of Job Corps techniques with those used in other programs, and shall endeavor to secure, through employers, schools, or other Government and private agencies specific information concerning the residence of former enrollees, their employment status, compensation, and success in adjusting to community life. He shall also secure, to the extent feasible, similar information directly from enrollees at appropriate intervals following their completion of the Job Corps program. The results of such evaluation shall be published and shall be summarized in the report required by section 608].

* * * * *

PROGRAM DATA AND EVALUATION

SEC. 132. [(a)] The Director shall provide for the development and implementation of a program data system consistent with similar data systems for other relevant Federal programs. Such data shall be published periodically.

[(b)] The Director shall provide for the continuing evaluation of the programs under this part, including their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for the delivery of services, and he shall arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs. This evaluation shall include comparisons with proper control groups composed of persons who have not participated in such programs, and shall seek to develop comparative data on the costs and benefits of work and training programs authorized by this Act and by other Acts, including the Manpower Development and Training Act of 1962. He may, for this purpose, contract for independent evaluations of such programs or individual projects. The results of such evaluations shall be included in the report required by section 608.

[(c)] The Director shall develop and publish standards for evaluation of program effectiveness in achieving the objectives of this part. Such standards shall be considered in deciding whether to renew or supplement financial assistance provided by sections 123, 128, and 129.]

* * * * *

[EVALUATION

[SEC. 154. Each program for which payments are made under section 151 shall provide for a thorough evaluation of the effectiveness of the program in achieving the goals of this part. This evaluation shall be conducted by such public or private organizations as the Director may designate, and up to 100 per centum of the costs of evaluation may be paid from funds appropriated to carry out this part. The results of such evaluations or a summary of them, together with the Director's findings and recommendations concerning the program, shall be included in the report required by section 608.]

* * * * *

PART F—DURATION OF PROGRAM

SEC. 171. The Director shall carry out the programs under this title during the fiscal year ending June 30, 1967, and the [five] *seven* succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

* * * * *

TITLE II—URBAN AND RURAL COMMUNITY ACTION PROGRAMS

SPECIAL PROGRAMS AND ASSISTANCE

SEC. 222. (a) In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are common to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under section 221, including assistance to components or projects based on models developed and promulgated by him. It shall also be used only with respect to programs which (A) involve activities which can be incorporated into or be closely coordinated with community action programs, (B) involve significant new combinations of resources or new and innovative approaches, or (C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of this title. Subject to such condition as may be appropriate to assure effective and efficient administration, the Director may provide financial assistance to public or private nonprofit agencies to carry on local projects initiated under such special programs; but he shall do so in a manner that will encourage, wherever feasible, the inclusion of the assisted projects in community action programs, with a view to minimizing possible duplication and promoting efficiencies in the use of common facilities and services, better assisting persons or families having a variety of needs, and otherwise securing from the funds committed the greatest possible impact in promoting family and individual self-sufficiency. Programs under this section shall include those described in the following paragraphs:

- (1) A program to be known as "Project Headstart" focused upon children who have not reached the age of compulsory

school attendance which (A) will provide such comprehensive health, nutritional, education, social, and other services as the Director finds will aid the children to attain their full potential, and (B) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level. Pursuant to such regulations as the Director may prescribe, persons who are not members of low-income families may be permitted to receive services in projects assisted under this paragraph. A family which is not low income shall be required to make payment, or have payment made in its behalf, in whole or in part for such services where the family's income is, or becomes through employment or otherwise, such as to make such payment appropriate. *The Director shall not promulgate any general eligibility requirement which requires payment for participation in projects assisted under this paragraph by members of families whose annual family income does not exceed \$4,500 for a family of four, or comparable amounts in the case of other sized families, but such eligibility requirements may be varied to reflect individual family and geographic situations and special program needs.*

(2) A program to be known as "Follow Through" focused primarily upon children in kindergarten or elementary school who were previously enrolled in Headstart or similar programs and designed to provide comprehensive services and parent participation activities as described in paragraph (1), which the Director finds will aid in the continued development of children to their full potential. Funds for such program shall be transferred directly from the Director to the Secretary of Health, Education, and Welfare. Financial assistance for such projects shall be provided by the Secretary on the basis of agreements reached with the Director directly to local educational agencies except as otherwise provided by such agreements.

(3)* A "Legal Services" program to further the cause of justice among persons living in poverty by mobilizing the assistance of lawyers and legal institutions and by providing legal advice, legal representation, legal counseling, education in legal matters, and other appropriate legal services. Projects involving legal advice and representation shall be carried on in a way that assures maintenance of a lawyer-client relationship consistent with the best standards of the legal profession. The Director shall make arrangements under which the State bar association and the principal local bar associations in the community to be served by any proposed project authorized by this paragraph shall be consulted and afforded an adequate opportunity to submit, to the Director, comments and recommendations on the proposed project before such project is approved or funded, and to submit, to the Director comments and recommendations on the operations of such project, if approved and funded. No funds or personnel made available for such program (whether conducted pursuant to this section or any other section in this part) shall be utilized for the defense of any person indicted (or proceeded against by information) for the commission of a crime, except in extraordinary

*Six months after the date of enactment of H.R. 10351 section 222(a)(3) of the act is repealed (See sec. 1016(d)).

circumstances where, after consultation with the court having jurisdiction, the Director has determined that adequate legal assistance will not be available for an indigent defendant unless such services are made available. Members of the Armed Forces, and members of their immediate families, shall be eligible to obtain legal services under such programs in cases of extreme hardship (determined in accordance with regulations of the Director issued after consultation with the Secretary of Defense): *Provided*, That nothing in this sentence shall be so construed as to require the Director to expand or enlarge existing programs or to initiate new programs in order to carry out the provisions of this sentence unless and until the Secretary of Defense assumes the cost of such services and has reached agreement with the Director on reimbursement for all such additional costs as may be incurred in carrying out the provisions of this sentence.

(4) A "Comprehensive Health Services" program which shall include—

(A) programs to aid in developing and carrying out comprehensive health services projects focused upon the needs of urban and rural areas having high concentrations or proportions of poverty and marked inadequacy of health services for the poor. These projects shall be designed—

(i) to make possible, with maximum feasible use of existing agencies and resources, the provision of comprehensive health services, such as preventive medical, diagnostic, treatment, rehabilitation, family planning, narcotic addiction and alcoholism prevention and rehabilitation, mental health, dental, and followup services, together with necessary related facilities and services, except in rural areas where the lack of even elemental health services and personnel may require simpler, less comprehensive services to be established first; and

(ii) to assure that these services are made readily accessible to low-income residents of such areas, are furnished in a manner most responsive to their needs and with their participation and wherever possible are combined with, or included within, arrangements for providing employment, education, social, or other assistance needed by the families and individuals served: *Provided, however, That pursuant to such regulations as the Director may prescribe, persons provided assistance through programs assisted under this paragraph who are not members of low-income families may be required to make payment, or have payment made in their behalf, in whole or in part for such assistance* [such services may be made available on an emergency basis or pending a determination of eligibility to all residents of such areas].

Funds for financial assistance under this paragraph shall be allotted according to need, and capacity of applicants to make rapid and effective use of that assistance, and may be used, as necessary, to pay the full costs of projects. Before approving any project, the Director shall solicit and consider the comments and recommendations of the

local medical associations in the area and shall consult with appropriate Federal, State, and local health agencies and take such steps as may be required to assure that the program will be carried on under competent professional supervision and that existing agencies providing related services are furnished all assistance needed to permit them to plan for participation in the program and for the necessary continuation of those related services; and

(B) Programs to provide financial assistance to public or private agencies for projects designed to develop knowledge or enhance skills in the field of health services for the poor. Such projects shall encourage both prospective and practicing health professionals to direct their talents and energies toward providing health services for the poor. In carrying out the provisions of this paragraph, the Director is authorized to provide or arrange for training and study in the field of health services for the poor. Pursuant to regulations prescribed by him, the Director may arrange for the payment of stipends and allowances (including travel and subsistence expenses) for persons undergoing such training and study and for their dependents. The Director and the Secretary of Health, Education, and Welfare shall achieve effective coordination of programs and projects authorized under this section with other related activities.

(5) A program to be known as "Emergency Food and Medical Services" designed to provide on an emergency basis, directly or by delegation of authority pursuant to the provisions of title VI of this Act, financial assistance for the provision of such medical supplies and services, nutritional foodstuffs, and related services, as may be necessary to counteract conditions of starvation or malnutrition among the poor. Such assistance may be provided by way of supplement to such other assistance as may be extended under the provisions of other Federal programs, and may be used to extend and broaden such programs to serve economically disadvantaged individuals and families where such services are not now provided and without regard to the requirements of such laws for local or State administration or financial participation. In extending such assistance, the Director may make grants to community action agencies or local public or private nonprofit organizations or agencies to carry out the purposes of this paragraph. The Director is authorized to carry out the functions under this paragraph through the Secretary of Agriculture and the Secretary of Health, Education, and Welfare in a manner that will insure the availability of such medical supplies and services, nutritional foodstuffs, and related services through a community action agency where feasible, or other agencies or organizations if no such agency exists or is able to administer programs to provide such foodstuffs, medical services, and supplies to needy individuals and families.

(6) A "Family Planning" program to provide assistance and services to low-income persons in the field of voluntary family planning, including the provision of information, medical assistance, and supplies. The Director and the Secretary of Health, Education, and Welfare shall coordinate,

and assure a full exchange of information concerning, family planning projects within their respective jurisdictions in order to assure the maximum availability of services and in order best to meet the varying needs of different communities. The Secretary of Health, Education, and Welfare shall make the services of Public Health Service officers available to the Director in carrying out this program.

(7) A program to be known as "Senior Opportunities and Services" designed to identify and meet the needs of older, poor persons above the age of 60 in one or more of the following areas: development and provision of new employment and volunteer services; effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and recreational and other services; stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; modification of existing procedures, eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor; development of all-season recreation and service centers controlled by older persons themselves, and such other activities and services as the Director may determine are necessary or specially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency. In administering this program the Director shall utilize to the maximum extent feasible the services of the Administration of Aging in accordance with agreements with the Secretary of Health, Education, and Welfare.

(8) An "Alcoholic Counseling and Recovery" program designed to discover and treat the disease of alcoholism. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual alcoholic, encourage the use of neighborhood facilities and the services of recovered alcoholics as counselors, and emphasize the reentry of the alcoholic into society rather than the institutionalization of the alcoholic. [Of the sums appropriated or allocated for programs authorized under this title, the Director shall reserve and make available not less than \$10,000,000 for the fiscal year ending June 30, 1970, and not less than \$15,000,000 for the fiscal year ending June 30, 1971, for the purpose of carrying out this program.]

(9) A "Drug Rehabilitation" program designed to discover the causes of drug abuse and addiction, to treat narcotic and drug addiction and the dependence associated with drug abuse, and to rehabilitate the drug abuser and drug addict. Such program should deal with the abuse or addiction resulting from the use of narcotic drugs such as heroin, opium, and cocaine, stimulants such as amphetamines, depressants, marihuana, hallucinogens, and tranquilizers. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual drug abuser or addict, encourage the use of neighborhood facilities and the services of recovered drug abusers and addicts as counselors, and emphasize the reentry of the drug abuser and addict into society rather than his institutionalization. *The Director*

is authorized to undertake special programs aimed at promoting employment opportunities for rehabilitated addicts and assisting employers in dealing with addiction and drug abuse problems among formerly hard core unemployed so that they can be maintained in employment. In undertaking such programs, the Director shall give special priority to veterans and employers of significant numbers of veterans. The Director is further authorized to establish procedures and policies which will allow clients to complete a full course of rehabilitation even though they become non-low-income by virtue of becoming employed as a part of the rehabilitation process: Provided, however, That there shall be no change in income eligibility criteria for initial admission to treatment and rehabilitation programs under this Act. [Of the sums appropriated or allocated for programs authorized under this title, the Director shall reserve and make available not less than \$5,000,000 for the fiscal year ending June 30, 1970, and not less than \$15,000,000 for the fiscal year ending June 30, 1971, for the purpose of carrying out this program.]

(10) An "Environmental Action" program through which low-income persons will be paid for working on projects designed to combat pollution or to improve the environment. Projects may include, without limitation: cleanup and sanitation activities, including solid waste removal; reclamation and rehabilitation of eroded or ecologically damaged areas, including areas affected by strip mining; conservation and beautification activities, including tree planting and recreation area development; the restoration and maintenance of the environment and the improvement of the quality of life in urban and rural areas.

(11) A program to be known as "Rural Housing Development and Rehabilitation" designed to assist low-income families in rural areas to construct and acquire ownership of adequate housing, to rehabilitate or repair existing substandard units in such areas, and to otherwise assist families in obtaining standard housing. Financial assistance under this paragraph shall be provided to rural housing development corporations serving areas which are defined by the Farmers Home Administration as rural areas, and shall be used for, but not limited to, such purposes as administrative expenses, revolving development funds, nonrevolving land, land development and construction write-downs, rehabilitation or repair of substandard housing, and loans to low-income families. Loans under this paragraph may be used for, but not limited to, such purposes as the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period of such loans shall not exceed thirty-three years. No loans under this paragraph shall bear an interest rate of less than 1 per centum per annum, except that if the Director, after having examined the family income of the applicant, the projected housing costs of the applicant, and such other factors as he deems appropriate, determines that the applicant would otherwise be unable to participate in this program, he may waive the interest in whole or in part and for such periods of time as he may establish: Provided, however, That no such waiver may be granted to an applicant whose adjusted family income (as defined by the

Farmers Home Administration) is in excess of \$3,700 per annum: And provided further, That any applicant for whom such a waiver is provided shall be required to commit at least 20 per centum of his adjusted family income toward the mortgage debt service and other housing costs. Family incomes shall be recertified annually, and monthly payments for all loans under this paragraph adjusted accordingly. There are hereby authorized to be appropriated \$10,000,000 for the fiscal year ending June 30, 1972, and \$15,000,000 for the fiscal year ending June 30, 1973, for the purpose of carrying out this program.

(b) Consistent with, and subject to, the provisions of sections 230 and 232 (a), (b), and (c), programs under this section may include related training, research, and technical assistance, and funds allocated for this purpose may be allotted and used in the manner otherwise provided under this title with respect to training, research, and technical assistance activities.

* * * * *

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 225. (a) Of the sums which are appropriated or allocated for assistance in the development and implementation of community action programs pursuant to section 221, and for special program projects referred to in section 222(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 per centum* among Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of those sums for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with income of less than \$1,000 in each State as compared to all States. That part of any State's allotment which the Director determines will not be needed may be reallocated, at such dates during the fiscal year as the Director may fix, in proportion to the original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallocated among the other States.

(b) The Director may provide for the separate allotment of funds for any special program referred to in section 222(a). This allotment may be made in accordance with the criteria prescribed in subsection (a), or it may be made in accordance with other criteria which he determines will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, except that in no event may more than 12½ per centum of the funds for any one program be used in any one State.

*H. R. 10351 does not amend the basic law with respect to this set aside, but requires that 4 per centum be set aside for fiscal years 1972 and 1973 (see section 7).

(c) Unless otherwise provided in this part, financial assistance extended to a community action agency or other agency pursuant to sections 221 and 222(a), for the period ending June 30, 1967, shall not exceed 90 per centum of the approved cost of the assisted programs or activities, and thereafter shall not exceed 80 per centum of such costs. The Director may, however, approve assistance in excess of such percentages if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. *The Director shall not require non-Federal contributions in excess of 20 per centum of the approved cost of programs or activities assisted under this Act.* Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. If in any fiscal year, a community provides non-Federal contributions under this title exceeding its requirements under this section, such excess may be used to meet its requirements for such contributions under section 131.

(d) No program shall be approved for assistance under sections 221 and 222(a) unless the Director satisfies himself (1) that the services to be provided under such program will be in addition to, and not in substitution for, services previously provided without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community will not be diminished in order to provide any contributions required under subsection (c). The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

STATE AGENCY ASSISTANCE

SEC. 231. (a) The Director may provide financial assistance to State agencies designated in accordance with State law, to enable those agencies—

(1) to provide technical assistance to communities and local agencies in developing and carrying out programs under this title;

(2) to assist in coordinating State activities related to this title;

(3) to advise and assist the Director in developing procedures and programs to promote the participation of States and State agencies in programs under this title; and

(4) to advise and assist the Director, the Economic Opportunity Council established by section 631 of the Act, and the heads of other Federal agencies, in identifying problems posed by Federal statutory or administrative requirements that operate to impede State level coordination of programs related to this title, and in developing methods or recommendations for overcoming those problems.

(b) In any grants or contracts with State agencies, the Director shall give preference to programs or activities which are administered or coordinated by the agencies designated pursuant to subsection (a), or which have been developed and will be carried on with the assistance of those agencies.

(c) In order to promote coordination in the use of funds under this Act and funds provided or granted by State agencies, the Director may enter into agreements with States or State agencies pursuant to which they will act as agents of the United States for purposes of providing financial assistance to community action agencies or other local agencies in connection with specific projects or programs involving the common or joint use of State funds and funds under this title.

(d) If any member of a board to which section 211(b) applies files an allegation with the Director that an agency receiving assistance under this section is not observing any requirement of this Act, or any regulation, rule, or guideline promulgated by the Director under this Act, the Director shall promptly investigate such allegation and shall consider it; and, if after such investigation and consideration he finds reasonable cause to believe that the allegations are true, he shall hold a hearing, upon the conclusion of which he shall notify all interested persons of his findings. If he finds that the allegations are true, and that, after being afforded a reasonable opportunity to do so, the agency has failed to make appropriate corrections, he shall, forthwith, terminate further assistance under this title, to such agency until he has received assurances satisfactory to him that further violations will not occur.

EVALUATION

[SEC. 233. (a) The Director shall provide for the continuing evaluation of programs under this title, including their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for the delivery of services and including, where appropriate, comparisons with proper control groups composed of persons who have not participated in such programs. He may, for this purpose, contract for independent evaluations of those programs or individual projects. He may require community action agencies to provide for independent evaluations, and where appropriate, he may also require a community action agency to establish an independent group or committee to provide evaluation and advisory services on either a short-term or continuing basis. He shall consult with other Federal agencies, or where appropriate with State agencies, in order to provide wherever feasible for jointly sponsored objective evaluation studies on a National or State basis. He shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs. The reports of studies undertaken under this section, together with the comments of the Director and other agencies, if any, shall be public records, and the results shall be summarized in the report required by section 608.

[(b) The Director shall develop and publish standards for evaluation of program effectiveness in achieving the objectives of this title. Such standards shall be considered in deciding whether to renew or supplement financial assistance provided by sections 221, 222, 230, and 231.

[(c) The Director shall provide by contract for the conduct of an independent study and evaluation of the action taken under sections 210 and 211 of this Act and the effects thereof, with particular refer-

ence to (1) the exercise of their authorities under the provisions of title II of this Act by States and political subdivisions, (2) the participation of residents of the areas and members of the groups served, public officials and others and (3) the administrative and program advantages and disadvantages, if any, encountered or foreseen in implementing such sections. He shall transmit such study and evaluation to the Congress before April 1, 1969.】

SPECIAL LIMITATIONS

SEC. 244. The following special limitations shall apply, as indicated, to programs under this title.

(1) Financial assistance under this title may include funds to provide a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council or committee, as appropriate to assure and encourage the maximum feasible participation of members of groups and residents of areas served in accordance with the purposes of this title, and to provide reimbursement of actual expenses connected with those meetings; but those funds (or matching non-Federal funds) may not be used to pay allowances in the case of any individual who is a Federal, State, or local government employee, or an employee of a community action agency, or for payment of an allowance to any individual for attendance at more than two meetings a month.

(2) The Director shall issue necessary rules or regulations to assure that no employee engaged in carrying out community action program activities receiving financial assistance under this title is compensated from funds so provided at a rate in excess of \$15,000 per annum, and that any amount paid to such an employee at a rate in excess of \$15,000 per annum shall not be considered in determining whether the non-Federal contributions requirements of section 225(c) have been complied with; the Director may, however, provide in those rules or regulations for exceptions covering cases (particularly in large metropolitan areas) where, because of the need for specialized or professional skills or prevailing local salary levels, application of the foregoing restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

(3) No officer or employee of the Office of Economic Opportunity shall serve as member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title; but this shall not prohibit an officer or employee from serving on a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

(4) In granting financial assistance for projects or activities in the field of family planning, the Director shall assure that family planning services, including the dissemination of family planning information and medical assistance and supplies, are made available to all low-income individuals who meet the

criteria for eligibility for assistance under this title which have been established by the assisted agency and who desire such information, assistance, or supplies. The Director shall require, in connection with any such financial assistance, that—

(A) no individual will be provided with any information, medical supervision, or supplies which that individual indicates are inconsistent with his or her moral, philosophical, or religious beliefs; and

(B) no individual will be provided with any medical supervision or supplies unless he or she has voluntarily requested such medical supervision or supplies.

The use of family planning services assisted under this title shall not be a prerequisite to the receipt of services from or participation in any other programs under this Act.

(5) No financial assistance shall be extended under this title to provide general aid to elementary or secondary education in any school or school system; but this shall not prohibit the provision of special, remedial, and other noncurricular educational assistance.

(6) In extending assistance under this title the Director shall give special consideration to programs which make maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

(7) No financial assistance shall be extended under this title in any case in which the Director determines that the costs of developing and administering all of the programs assisted under this title carried on by or under the supervision of any community action agency exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such programs. The Director, after consultation with the Director of the Bureau of the Budget, shall establish by regulation, criteria for determining (i) the costs of developing and administering such programs, and (ii) the total costs of such programs. In any case in which the Director determines that the cost of administering such programs does not exceed 15 per centum of such total costs but is, in his judgment, excessive, he shall forthwith require such community action agency to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more such community action agencies of a common director and other administrative personnel. The Director may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this title.

(8) *Consistent with the provisions of this Act, the Director shall assure that financial assistance under this title will be distributed on an equitable basis in any community so that all significant segments of the low-income population are being served.*

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DURATION OF PROGRAM

SEC. 245. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [five] seven succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE III—SPECIAL PROGRAMS TO COMBAT POVERTY
IN RURAL AREAS

FINANCIAL ASSISTANCE

SEC. 312. (a) The Director may provide financial assistance to assist State and local agencies, private nonprofit institutions and cooperatives in developing and carrying out programs to fulfill the purpose of this part.

(b) Programs assisted under this part may include projects or activities—

(1) to meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children, education, health services, improved housing and sanitation (including the provision and maintenance of emergency and temporary housing and sanitation facilities), legal advice and representation, and consumer training and counseling;

(2) to promote increased community acceptance of migrant and seasonal farmworkers and their families; and

(3) to equip unskilled migrant and seasonal farmworkers and members of their families as appropriate through education and training to meet the changing demands in agricultural employment brought about by technological advancement and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available Government *employment or* training programs.

* * * * *

TECHNICAL ASSISTANCE, TRAINING, AND EVALUATION

SEC. 314. [(a)] The Director may provide directly or through grants, contracts, or other arrangements, such technical assistance or training of personnel as may be required to implement effectively the purposes of this title.

[(b)] The Director shall provide for necessary evaluation of projects under this title and may, through grants or contracts, secure independent evaluation for this purpose. The results of such evaluation shall be published and shall be summarized in the report required by section 608.]

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PART C—DURATION OF PROGRAM

SEC. 321. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [five] *seven* succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE IV—EMPLOYMENT AND INVESTMENT
INCENTIVES

DURATION OF PROGRAM

SEC. 408. The Administrator of the Small Business Administration and the Secretary of Commerce shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [five] *seven* succeeding fiscal years.

TITLE V—WORK EXPERIENCE, TRAINING, AND DAY
CARE PROGRAMS

DURATION OF PROGRAMS

SEC. 523. The Director shall carry out the programs provided for in this part during the fiscal year ending June 30, 1968, and the [four] *six* succeeding fiscal years.

TITLE VI—ADMINISTRATION AND COORDINATION

DURATION OF PROGRAM

SEC. 615. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [five] *seven* succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

[TRANSFER OF FUNDS]

[SEC. 616. Notwithstanding any limitation on appropriations for any program or activity under this Act or any Act authorizing appropriations for such program or activity, not to exceed 10 per centum for fiscal years ending prior to July 1, 1970, and not to exceed 15 per centum for fiscal years ending thereafter of the amount appropriated or allocated from any appropriation for the purpose of enabling the Director to carry out any such program or activity under the Act may be transferred and used by the Director for the purpose of carrying out any other such program or activity under the Act; but no such transfer shall result in increasing the amounts otherwise available for any program or activity by—

[(1) more than 100 per centum in the case of any program or activity for which the amounts otherwise available are \$10,000,000 or less; or

[(2) more than 35 per centum in the case of any program or activity for which the amounts otherwise available exceed \$10,000,000.]

TRANSFER OF FUNDS

Sec. 616. Notwithstanding any limitation on appropriations for any program or activity under this Act or any Act authorizing appropriations for such program or activity, not to exceed 10 per centum of the amount appropriated or allocated from any appropriation for the purpose of enabling the Director to carry out any such program or activity under the Act may be transferred and used by the Director for the purpose of carrying out any other such program or activity under the Act; but no such transfer shall result in increasing the amounts otherwise available for any program or activity by more than 10 per centum.

INDEPENDENCE OF NATIONAL LEGAL SERVICES CORPORATION

Sec. 623. Nothing in this Act, except title X, and no reference to this Act unless such reference refers to title X, shall be construed to affect the powers and activities of the National Legal Services Corporation.

RESPONSIBILITIES OF THE DIRECTOR

Sec. 632. In addition to his other powers under this Act, and to assist the President in coordinating the antipoverty efforts of all Federal agencies, the Director shall—

(1) undertake special studies of specific coordination problems at the request of the President or the Council, or on his own initiative;

(2) [carry on a continuing evaluation of all activities under this Act, and] consult with interested agencies and groups, including State agencies described in section 231 of this Act and the National Advisory Council, with a view to identifying coordination problems that may warrant consideration by the Council or the President and, to the extent feasible or appropriate, initiate action for overcoming those problems, either through the Office of Economic Opportunity or in conjunction with other Federal, State, or local agencies; and

(3) prepare a five-year national poverty action plan showing estimates of Federal and other governmental expenditures, and, where feasible, the contributions of the private sector, needed to eliminate poverty in this country within alternative periods of time. Such plan shall include estimates of the funds necessary to finance all relevant programs authorized by this and other Acts, and any new programs which may be necessary to eliminate poverty in this country, and it shall include recommendations for such new programs. The plan shall be presented to the Congress and updated on an annual basis. *Such plan shall be presented to the Congress no later than December 31, 1971 and documents updating such plan shall be presented to the Congress no later than December 31 of each succeeding calendar year.*

GUIDELINES

Sec. 639. Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be provided to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor at least thirty days prior to their effective date.

TITLE VIII—DOMESTIC VOLUNTEER SERVICE PROGRAMS

DURATION OF PROGRAM

SEC. 835. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [five] seven succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE IX—EVALUATION

SEC. 901. (a) *The Director shall provide for evaluations that describe and measure the impact of programs, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. He may, for these purposes, contract or make other arrangements for independent evaluations of those programs or individual projects.*

(b) *The Director shall develop and publish standards for evaluation of program effectiveness in achieving the objectives of this Act. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under any section of this Act.*

(c) *The Director may require community action agencies to provide independent evaluations.*

(d) *Federal agencies administering programs related to this Act shall—*

(1) *cooperate with the Director in the discharge of his responsibility to plan and conduct evaluations of such poverty-related programs as he judges appropriate, to the fullest extent permitted by other applicable law; and*

(2) *provide the Director with such statistical data, program reports, and other materials as they presently collect and compile on program operations, beneficiaries, and effectiveness.*

(e) *In carrying out evaluations under this title, the Director shall, whenever possible, arrange to obtain the opinions of program participants about the strengths and weaknesses of the programs.*

(f) *The Director shall consult, where appropriate, with State agencies, in order to provide for jointly sponsored objective evaluation studies of programs on a State basis.*

(g) *The Director shall publish the results of evaluative research and evaluations of program impact and effectiveness no later than sixty days after its completion.*

(h) *The Director shall take necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds shall become the property of the United States.*

(i) *The Director shall publish and summarize the results of activities carried out pursuant to this title in the report required by section 608.*

TITLE X—NATIONAL LEGAL SERVICES CORPORATION

DECLARATION OF POLICY

SEC. 1001. *The Congress hereby finds and declares that—*

(1) *it is in the public interest to encourage and promote resort to attorneys and appropriate institutions for the orderly resolution*

of grievances and as a means of securing orderly change, responsiveness, and reform;

(2) many low-income persons are unable to afford the cost of legal services or of access to appropriate institutions;

(3) access to legal services and appropriate institutions for all citizens of the United States not only is a matter of private and local concern, but also is of appropriate and important concern to the Federal Government;

(4) the integrity of the attorney-client relationship and of the adversary system of justice in the United States require that there be no political interference with the provision and performance of legal services;

(5) existing legal services programs have provided economical, effective, and comprehensive legal services to the client community so as to bring about a peaceful resolution of grievances through resort to orderly means of change;

(6) a private nonprofit corporation should be created to encourage the availability of legal services and legal institutions to all citizens of the United States, free from extraneous interference and control.

ESTABLISHMENT OF CORPORATION

SEC. 1002. (a) There is established a nonprofit corporation, to be known as the "National Legal Services Corporation" (hereinafter referred to as the "Corporation") which will not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this title, and, to the extent consistent with this title, to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

(b) No part of the net earnings of the Corporation shall inure to the benefit of any private person, and it shall be treated as an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code.

PROCESS OF INCORPORATION AND ORGANIZATION

SEC. 1003. (a) There shall be a transition period of six months following the date of enactment of the Economic Opportunity Amendments of 1971 for the process of incorporation and initial organization of the Corporation.

(b) There is established an incorporating trusteeship composed of the following persons or their designee: the president of the American Bar Association, the president of the National Legal Aid and Defender Association, the president of the Association of American Law Schools, the president of the American Trial Lawyers Association, and the president of the National Bar Association. The incorporating trusteeship shall meet within thirty days after the enactment of the Economic Opportunity Amendments of 1971 to carry out the provisions of this section. The incorporating trusteeship shall provide procedures for the provision of a list of nominees by the national professional associations of attorneys in accordance with section 1004(a).

(c)(1) Not later than sixty days after the enactment of the Economic Opportunity Amendments of 1971, the incorporating trusteeship, after consulting with and receiving the recommendations of associations of attorneys actively engaged in conducting legal services programs, and

national organizations of persons eligible for assistance under this title, shall establish the initial Advisory Council to be composed of sixteen members selected in accordance with procedures established by the incorporating trusteeship, from among attorneys who are actively engaged in providing legal services under any existing legal services program and from among individuals eligible for assistance under this title. No more than eight members of the Council shall be individuals eligible for assistance under any existing legal services program.

(2) To assist in carrying out the provisions of this subsection, the Director of the Office of Economic Opportunity shall compile a list of all legal services programs publicly funded during the fiscal year ending June 30, 1971, and the subsequent fiscal year and furnish such list to the incorporating trusteeship. In order to carry out the provisions of this subsection, the Director of the Office of Economic Opportunity shall make available to the incorporating trusteeship such administrative services and financial and other resources as it may require.

(d) Not later than ninety days after the enactment of the Economic Opportunity Amendments of 1971, the client members of the Advisory Council as established in subsection (c), and the project attorney members of the Advisory Council shall each meet and each shall submit recommendation as provided in section 1004(a) to serve on the initial board of directors.

(e) During the ninety-day period of incorporation of the Corporation the incorporating trusteeship shall take whatever actions are necessary to incorporate the Corporation, including the filing of articles of incorporation under the District of Columbia Nonprofit Corporation Act, and to prepare for the first meeting of the board of directors, except the selection of the executive director of the Corporation.

(f) During the ninety-day period immediately following the period specified in subsection (e) of this section the board shall take whatever action is necessary to prepare to begin to carry out the activities of the Corporation six months after the enactment of the Economic Opportunity Amendments of 1971.

DIRECTORS AND OFFICERS

SEC. 1004. (a) The Corporation shall have a board of directors consisting of seventeen individuals appointed by the President, by and with the consent of the Senate, one of whom shall be elected annually by the board to serve as chairman. Members of the board shall be appointed as follows:

(1) one member shall be appointed from lists of nominees submitted by the Judicial Conference of the United States;

(2) seven members shall be appointed from among individuals in the general public, no fewer than three of whom shall be members of the bar of the highest court of a jurisdiction;

(3) two members shall be appointed from among individuals who are eligible for assistance under this title after due consideration is given to the recommendations of the client members of the Advisory Council as established in 1003(c);

(4) two members shall be appointed from among former legal services project attorneys after due consideration is given to the recommendations of the attorney members of the Advisory Council;

(5) one member shall be appointed from lists of nominees submitted by the Association of American Law Schools;

(6) four members shall be appointed from lists of nominees submitted by the American Bar Association, the National Bar Association, the National Legal Aid and Defender Association, and the American Trial Lawyers Association. Members appointed under this clause subsequent to the initial board shall be from lists submitted by the American Bar Association, the National Bar Association, the National Legal Aid and Defender Association, and the American Trial Lawyers Association in accordance with procedures established by the board of directors.

(b)(1) The directors appointed under clause (1) of subsection (a) shall be appointed for terms of three years except that—

(A) the terms of directors first taking office shall be effective on the ninety-first day after the enactment of the Economic Opportunity Amendments of 1971 and shall expire as follows—

(1) the term of the director appointed under clause (1) of subsection (a) shall expire at the end of one year;

(2) the terms of the remaining directors appointed under subsection (a) shall expire as designated by the President at the time of appointment, (i) in the case of directors from the general public appointed under clause (2) of subsection (a), two at the end of three years, two at the end of two years, and three at the end of one year, (ii) in the case of appointments under clause (3) of subsection (a), one at the end of two years, and one at the end of three years, (iii) in the case of appointments under clause (4) of subsection (a), one at the end of three years and one at the end of one year, (iv) in the case of the director appointed under clause (5) of subsection (a), at the end of three years, and (v) in the case of appointments under clause (6) of subsection (a), one at the end of three years, two at the end of two years, and one at the end of one year.

(B) any director appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(c) The Corporation shall have an executive director, who shall be an attorney, and such other officers, as may be named and appointed by the board of directors at rates of compensation fixed by the board, who shall serve at the pleasure of the board. No individual shall serve as executive director of the Corporation for a period in excess of six years. The executive director shall serve as a member of the board *ex officio* and shall serve without a vote.

(d) No political test or qualification shall be used in selecting, appointing, or promoting any officer, attorney, or employee of the Corporation. No officers or employees of the Corporation shall receive any salary from any source other than the Corporation during the period of employment by the Corporation.

(e) All meetings of the board, executive committees of the board, and the Advisory Council shall, whenever appropriate, be open to the public, and proper notice of such meetings shall be provided to interested parties and the public a reasonable time prior to such meetings.

(f) No member of the board may participate in any decision, action, or recommendation with respect to any matter which directly benefits that member or any firm or organization with which that member is then currently associated.

(g) Any board after the initial board shall, in consultation with the Advisory Council, provide for rules with respect to the subsequent meetings of the Advisory Council.

ADVISORY COUNCIL

SEC. 1005. (a) The board, after consulting with and receiving the recommendations of national organizations of persons eligible for assistance under this title, and after consulting with and receiving the recommendations of associations of attorneys actively engaged in conducting legal services programs, shall provide for the selection of an Advisory Council subsequent to the first such council established under section 1003 (c)(1) of this title to be composed of not more than sixteen members selected in accordance with procedures established by the board, including terms of office, qualifications, and method of selection and appointment, from among individuals who are eligible for assistance under this title and lawyers actively engaged in providing legal services in any existing program. Equal representation shall be given to lawyers and clients. Procedures must insure that all areas of the country and significant segments of the client population are represented, and in no event may more than one representative on the council be from any one State. The Advisory Council shall advise the board of directors and the executive director on policy matters relating to legal services and the needs of the client community and may act as liaison between the client community and legal services programs through such activities as it deems appropriate. The Advisory Council shall submit recommendations of persons for appointment as members of the board in accordance with section 1004.

(b) The board shall provide for sufficient resources for the Advisory Council in order to pay such reasonable travel costs and expenses as the board may determine.

ACTIVITIES AND POWERS OF THE CORPORATION

SEC. 1006. (a) Effective six months after the enactment of the Economic Opportunity Amendments of 1971, in order to carry out the purposes of this title, the Corporation is authorized to—

(1) provide financial assistance to qualified programs furnishing legal services to members of the client community;

(2) provide financial assistance to pay the costs of contracts or other agreements made pursuant to section 1003 of this title;

(3) carry out research, training, technical assistance, experimental, legal paraprofessional and clinical assistance programs;

(4) through financial assistance and other means, increase opportunities for legal education among individuals who are members of a minority group or who are economically disadvantaged;

(5) provide for the collection and dissemination of information designed to coordinate and evaluate the effectiveness of the activities and programs for legal services in various parts of the country;

(6) offer advice and assistance to all programs providing legal services and legal assistance to the client community conducted or assisted by the Federal Government, including—

(A) reviewing all grants and contracts for the provision of legal services to the client community made under other provisions of Federal law by any agency of the Federal Government and making recommendations to the appropriate Federal agency;

(B) reviewing and making recommendations to the President and Congress concerning any proposal, whether by legislation or executive action, to establish a federally assisted program for the provision of legal services to the client community; and

(C) upon request of the President, providing training, technical assistance, monitoring, and evaluation services to any federally assisted legal services program;

(7) establish such procedures and take such other measures as may be necessary to assure that attorneys employed by the Corporation and attorneys paid in whole or in part from funds provided by the Corporation carry out the same duties to their clients and enjoy the same protection from interference as if such an attorney was hired directly by the client, and to assure that such attorneys are bound by the same Canons of Professional Ethics as are applicable to other attorneys practicing in the same jurisdiction;

(8) establish standards of eligibility consistent with those established by the Office of Economic Opportunity for the provision of legal services to be rendered by any grantee or contractor of the Corporation with special provision for priority for members of the client community whose means are least adequate to obtain private legal services;

(9) establish policies consistent with the best standards of the legal profession to assure the integrity, effectiveness, and professional quality of the attorneys providing legal services under this title; and

(10) carry on such other activities as would further the purposes of this title.

(b) In the performance of the functions set forth in subsection (a), the Corporation is authorized to—

(1) make grants, enter into contracts, leases, cooperative agreements, or other transactions, in accordance with bylaws established by the board of directors appropriate to conduct the activities of the Corporation;

(2) accept unconditional gifts or donations or services, money, or property, real, personal, or mixed, tangible or intangible, and use, sell, or otherwise dispose of such property for the purpose of carrying out its activities;

(3) appoint such attorneys and other professional and clerical personnel as may be required and fix their compensation in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule rates;

(4) Promulgate regulations containing criteria specifying the manner of approval of applications for grants based upon the following considerations—

(A) the most economical, effective, and comprehensive delivery of legal services to the client community in both urban and rural areas;

(B) peaceful resolution of grievances and resort to orderly means of seeking change; and

(C) maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services to the client community;

(5) establish and maintain a law library;

(6) establish procedures for the conduct of legal service programs assisted by the Corporation containing a requirement that the applicant will give assurances that the program will be supervised by a policymaking board on which the members of the legal profession constitute a majority (except that the Corporation may grant waivers of this requirement in the case of a legal services program which, upon the date on enactment of the Economic Opportunity Amendments of 1971, has a majority of persons who are not lawyers on its policymaking board) and members of the client community constitute at least one-third of the members of such board.

(c) The Corporation shall insure that attorneys employed full time in programs funded by the Corporation refrain from any outside practice of law unless permitted as pro bono publico activity pursuant to guidelines established by the Corporation.

(d) The Corporation shall insure (1) that all attorneys who are not representing a client or group of clients refrain, while engaged in activities carried on by legal services programs funded by the Corporation, from undertaking to influence the passage or defeat of any legislation by the Congress or State or local legislative bodies by representations to such bodies, their members, or committees, unless such bodies, their members, or committees request that the attorney make representations to them, and (2) that no funds provided by the Corporation shall be utilized for any activity which is planned and carried out to disrupt the orderly conduct of business by the Congress or State or local legislative bodies, for any demonstration, rally, or picketing aimed at the family or home of a member of a legislative body for the purpose of influencing his actions as a member of that body, and for conducting any campaign of advertising carried on through the commercial media for the purpose of influencing the passage or defeat of legislation.

(e) The Corporation shall establish guidelines for consideration of possible appeals to be implemented by each grantee or contractor of the Corporation to insure the efficient utilization of resources. Such guidelines shall in no way interfere with the attorney's responsibilities and obligations under the Canons of Professional Ethics and the Code of Professional Responsibility.

(f) No funds made available by the Corporation pursuant to this title shall be used to provide legal services with respect to any criminal proceeding except in extraordinary circumstances where, after consultation with the court having jurisdiction the board has determined that adequate legal assistance will not be available for an indigent defendant unless such services are made available.

(g) At least thirty days prior to the Corporation's approval of any grant or contract application, the Corporation shall notify the State bar association of the State in which the recipient will offer legal services. Notification shall include a reasonable description of the grant or contract application.

(h) where any legal proceeding is brought by attorneys employed by the corporation or by attorneys paid in whole or in part from funds provided by the corporation then the corporation shall be liable to any prevailing defendant or defendants for payment of reasonable legal fees and court costs awarded in connection with such proceedings.

NONPROFIT AND NONPOLITICAL NATURE OF THE CORPORATION

SEC. 1007. (a) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) No part of the income or assets of the Corporation shall inure to the benefit of any director, officer, employee, or any other individual except as reasonable compensation for services.

(c) The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

(d) Full time employees of the Corporation or of programs funded by the Corporation are subject to provisions of 5 U.S.C. 7324. The exemption in section 7326(1) of such title shall not be applicable in the case of such individuals.

ACCESS TO RECORDS AND DOCUMENTS RELATED TO THE CORPORATION

SEC. 1008. (a) Copies of all records and documents pertinent to each grant and contract made by the Corporation shall be maintained in the principal office of the Corporation in a place readily accessible and open to public inspection during ordinary working hours for a period of at least five years subsequent to the making of such grant or contract.

(b) Copies of all reports pertinent to the evaluation, inspection, or monitoring of grantees and contractors shall be maintained for a period of at least three years in the principal office of the Corporation subsequent to such evaluation, inspection, or monitoring visit. Upon request, the substance of such reports shall be furnished to the grantee or contractor who is the subject of the evaluation, inspection, or monitoring visit.

(c) The Corporation shall afford notice and reasonable opportunity for comment to interested parties prior to issuing regulations and guidelines, and it shall publish in the Federal Register on a timely basis all its bylaws, regulations, and guidelines.

(d) The Corporation shall be subject to the provisions of the Freedom of Information Act.

FINANCING OF THE CORPORATION

SEC. 1009. In addition to any funds reserved and made available for payment to the Corporation from appropriations for carrying out the Economic Opportunity Act of 1964 for any fiscal year, there are further authorized to be appropriated for payment to the Corporation such sums as may be necessary for any fiscal year. Funds made available to the Corporation from appropriations for any fiscal year shall remain available until expended.

RECORDS AND AUDIT OF THE CORPORATION AND THE RECIPIENTS OF ASSISTANCE

SEC. 1010. (a) The accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by any independent licensed public accountant certified or licensed by a regulatory authority of a State or political subdivision. Each such audit shall be conducted at the place or places where the accounts of the Corpora-

tion are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in usable the Corporation and necessary to facilitate the audit shall be made available to the person conducting the audit, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession, and full facilities for verifying transactions with the balance, or securities held by depositories, fiscal agents, and custodians shall be afforded to any such person. The report of each such independent audit shall be included in the annual report required under this title. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the assets and liabilities, and surplus or deficit of the Corporation, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the income and expenses of the Corporation during the year, and a statement of the sources and application of funds, together with the opinion of the independent auditor of those statements.

(b) (1) The financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in the possession and custody of the Corporation.

(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to Congress shall contain such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and conditions of the Corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the executive director and to each member of the board at the time submitted to the Congress.

(c) (1) Each grantee or contractor, other than a recipient of a fixed price contract awarded pursuant to competitive bidding procedures, under this title shall keep such records as may be reasonably necessary to fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(2) The Corporation or any of its duly authorized representatives shall have access for the purpose of audit and examination of any books,

documents, papers, and records of the recipient that are pertinent to assistance received under this section. The Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the Corporation.

REPORTS TO CONGRESS

SEC. 1011. The Corporation shall prepare an annual report for transmittal to the President and to Congress on or before the 30th day of January of each year, summarizing the activities of the Corporation and making such recommendations as it may deem appropriate. This report shall include findings and recommendations concerning the preservation of the attorney-client relationships and adherence to the Code of Professional Responsibility of the American Bar Association in the conduct of programs supported by the Corporation. The report shall include a comprehensive and detailed report of the operations, activities, financial condition, and accomplishments of the Corporation, together with the additional views and recommendations, if any, of members of the board.

DEFINITIONS

SEC. 1012. As used in this title, the term—

(1) "State" means the several States and the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands;

(2) "Corporation" means the National Legal Services Corporation established pursuant to this title;

(3) "client community" means individuals unable to obtain private legal counsel because of inadequate financial means;

(4) "member of the client community" includes any person unable to obtain private legal counsel because of inadequate financial means;

(5) "representative of the client community" includes any person who is selected by members of the client community whether or not a member of that community;

(6) "legal services" includes legal advice, legal representation, legal research, education concerning legal rights and responsibilities, and similar activities;

(7) "legal profession" refers to that body composed of all persons admitted to practice before the highest court of at least one State of the United States;

(8) "nonprofit" as applied to any foundation, corporation, or association means a foundation, corporation or association no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual.

FEDERAL CONTROL

SEC. 1013. Nothing contained in this title shall be deemed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the Corporation or any of its grantees, contractors or employees, or over the charter or bylaws of the Corporation, or over the attorneys providing legal services pursuant to this title, or over the members of the client community receiving legal services pursuant to this title.

SPECIAL LIMITATIONS

SEC. 1014. The board shall prescribe procedures to insure that—

(1) *financial assistance shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, unless the grantee or contractor has been given reasonable notice and opportunity to show cause why such action should not be taken;*

(2) *financial assistance shall not be terminated, an application for refunding shall not be denied, and an emergency suspension of financial assistance shall not be continued for longer than thirty days, unless the grantee or contractor has been afforded reasonable notice and opportunity for a timely, full, and fair hearing.*

COORDINATION

SEC. 1015. The President may direct that particular support functions of the Federal Government, such as the General Services Administration, the Federal telecommunications system, and other facilities, be utilized by the Corporation or its grantees or contractors to the extent not inconsistent with other applicable law.

TRANSFER MATTERS

SEC. 1016. (a) Notwithstanding any other provision of law, on and after the date of enactment of the Economic Opportunity Amendments of 1971, all rights of the Office of Economic Opportunity to capital equipment in the possession of legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision of the Economic Opportunity Act of 1964, shall become the property of the National Legal Services Corporation.

(b) Effective six months after the date of enactment of the Economic Opportunity Amendments of 1971, all personnel, assets, liabilities, property, and records as determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function of the Director under section 222(a)(3) of this Act shall be transferred to the Corporation.

(c) During the fiscal year 1972 the Director of the Office of Economic Opportunity shall take such action as may be necessary, in cooperation with the executive director of the National Legal Services Corporation, to arrange for the orderly continuation by such corporation of financial assistance to legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision of the Economic Opportunity Act of 1964. Whenever the Director of the Office of Economic Opportunity determines that an obligation to provide financial assistance pursuant to any contract or grant agreement for such legal services will extend beyond six months after the date of enactment of this Act, he shall include in any such contract or agreement provisions to assure that the obligation to provide such financial assistance may be assumed by the National Legal Services Corporation, subject to such modifications of the terms and conditions of that contract or grant agreement as the Corporation determines to be necessary.

(d) Effective six months after the date of enactment of this Act, section 222(a)(3) of the Economic Opportunity Act of 1964 is repealed.

(e) Notwithstanding any other provision of laws, after the enactment of this Act but prior to the enactment of appropriations to carry out the Economic Opportunity Act of 1964 for the fiscal year ending June 30, 1972, the Director of the Office of Economic Opportunity shall, out of appropriations then available to him, make funds available to assist in meeting the organizational expenses of the Corporation and in carrying out its activities.

OLDER AMERICANS ACT AMENDMENTS OF 1969

An Act to amend the Older Americans Act of 1965 and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Act Amendments of 1969".

* * * * *

PART B—FOSTER GRANDPARENT PROGRAM

SEC. 611. (a) The Secretary is authorized to make grants to or contracts with public and nonprofit private agencies and organizations to pay not to exceed 90 per centum of the cost of the development and operation of projects designed to provide opportunities for low-income persons aged sixty or over to render supportive person-to-person services in health, education, welfare, and related settings to children having exceptional needs, including services as "Foster Grandparents" to children receiving care in hospitals, homes for dependent and neglected children, or other establishments providing care for children with special needs. *The Director of Action may approve assistance in excess of 90 per centum of the cost of the development and operation of such projects if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this section.**

*While section 16(b) of H.R. 10351 does not in form amend the basic law with respect to the non-Federal share, it does govern the effective date and interpretation of the amendment shown above to section 611(a). The language of section 16(b) is as follows: "(b) The amendment made by subsection (a) of this section shall be effective from the date of enactment of this section. In the case of any project with respect to which, prior to such date, a grant or contract has been made under such section or with respect to any project under the Foster Grandparent programs as in effect prior to September 17, 1969, contributions in cash or in kind from the Bureau of Indian Affairs, Department of the Interior, toward the cost of the project may be counted as part of the cost thereof which is met from non-Federal sources."

